



To All Known Creditors and Members

**Avanti Communications Group Plc
Avanti Communications Limited
(both in Administration)**

Joint Administrators' Statement of Proposals

In accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

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Glossary

Abbreviation	Definition
1+	Solus, Blackrock, Great Elm, MSD, and Robus: 1+Lien Debt Holders
1L or SSF	HPS: 1st Lien Debt Holder, Super Senior Facility
ACL	Avanti Communications Limited
Administrations	The Administration of Plc and ACL
AH2L	Avanti Hylas 2 Limited
APA	Asset Purchase Agreement
Appointment date	13 April 2022
BEIS	Department of Business, Energy, & Industrial Strategy
c.	Approximately
CT	Corporation Tax
DLR	German Space Agency
EDRS	European Data Relay Satellite
FA	Financial Adviser
FTI / FTI UK	FTI Consulting LLP
H1	Hylas 1 Satellite
H2	Hylas 2 Satellite
H2b	Hylas 2b Satellite
H3	Hylas 3 Satellite
H4	Hylas 4 Satellite
HMRC	Her Majesty's Revenue and Customs
IA86	Insolvency Act 1986 (as amended)
ICA	International Compliance Association
ICAEW	Institute of Chartered Accountants in England & Wales
IP	Intellectual Property
IR16	Insolvency (England and Wales) Rules 2016 (as amended)
ITU	International Telecommunications Union
Joint Administrators/ We/Our/Us	Matthew Boyd Callaghan, Lisa Jane Rickelton and Ali Abbas Khaki
Lender / Secured Creditor	Holders of SSF, 1+ Lien (1L/Mezzanine Debt) and PIK Notes, who have a shared security package over the Group. Creditors with security in respect of their debt in accordance with Section 248 IA86.
NBV	Net Book Value

Abbreviation	Definition
NDA	Non-Disclosure Agreement
NRAs	National Regulatory Authorities
OFCOM	Office of Communications
PAYE	Pay-as-you-earn tax
PIK	Pay in Kind
Plc	Avanti Communications Group Plc
Preferential creditors	First ranking: Principally employee claims for unpaid wages (max £800 per employee), holiday pay, and certain unpaid pension contributions. Second ranking: HMRC in respect to certain specified debts.
Pre-pack	Pre-Packaged Administration
Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86.
Purchaser	Plate Bidco 4 Limited
Schedule B1	Schedule B1 IA86
Security Trustee	GLAS Trust Corporation Limited
SIP	Statement of Insolvency Practice
SIP 13	Connected party sale
SIP 16	Pre-packaged sales in administrations
SIP 2	Investigations by office holders in administrations and insolvent liquidations
SIP 7	Presentation of financial information in insolvency proceedings
SIP 9	Payments to insolvency office holders and their associates from an estate
Target Assets	Shares in the operating companies in the Group as well as substantially all of the other assets of Plc and ACL
the Companies	Avanti Communications Group Plc, Avanti Communications Limited
the Group	Plc and its subsidiaries
Transaction	The sale of the Target Assets to the Purchaser
The Proposals	The Statement of Proposals dated 13 April 2022
TTP	Time To Pay arrangement
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
UKSA	United Kingdom Space Agency
UN	United Nations
VAT	Value-Added Tax



Introduction

Purpose of this report

- On 13 April 2022, Matthew Boyd Callaghan, Lisa Jane Rickelton and Ali Abbas Khaki were appointed as joint administrators of Avanti Communications Group Plc and Avanti Communications Limited and now manage the business and affairs of the Companies. The appointment was made by the directors of the Companies.
- This is our statement of proposals for achieving the purpose of administration and includes:
 - a brief history of the Companies;
 - the reasons why they entered Administration;
 - what the purpose of the Administrations is;
 - how we expect to achieve that purpose;
 - an indication of the likely outcome for the various classes of creditors; and
 - how we envisage the Administrations will be brought to an end.
- The Proposals are anticipated to be delivered to creditors on 13 April 2022.
- We have also included certain legal notices regarding this report, our appointment and creditors' rights.
- If you are unfamiliar with insolvency, we have included a brief overview that you may wish to read before continuing to read this report.
- On the next page we describe the manner in which these proposals will be approved and any actions that creditors may wish to take.
- Content from our SIP 16 Statement has been repeated in these Proposals where necessary or beneficial to do so. A full copy is included as an Appendix and is also available on our website.
- If you have any queries regarding the content of this report or if you want hard copies of any of the documents made available online, please contact us using the details provided on the right.

How to contact us

- Creditors and members can contact us using the preferred methods below:

Email: avantiadministrators@fticonsulting.com

Post: Avanti Communications Group Plc / Avanti Communications Ltd,
c/o FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD

Tel: 020 3077 0468

- We intend to take advantage of the legislative provisions whereby we can put future documentation relating to the Administrations on to a website and need not write to creditors to notify them that we have done so. Further information about this is set out in the notice sent to you. The website address is <https://www.ips-docs.com> (see overleaf for login details)

Signed:



Matthew Boyd Callaghan

Joint Administrator
Acting as agent and without personal liability

Approval of these proposals

These Proposals will be deemed approved within eight business days from the date they are delivered to creditors, unless we receive within that time period, a request from creditors to hold a decision procedure.

Objective of the Administration

- As administrators of the Companies, we are officers of the Court and must perform our duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to:
 - a) rescue the Companies as a going concern; or
 - b) achieve a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up (without first being in Administration); or
 - c) realise property in order to make a distribution to one or more secured or preferential creditors.
- In this case, we intend to pursue objective (b). Due to the quantum of the secured debt for which the Companies are guarantors and the Companies' funding requirements, we concluded that it was not possible to rescue the Companies as a going concern. For example, the Companies' financial circumstances meant that a Restructuring Plan was not considered to be implementable, due to liquidity issues.
- As a result, we are seeking to achieve objective (b) by virtue of the pre-pack sale of the business and assets of the Companies to Plate BidCo 4 Limited as set out in our SIP16 Statement.
- Given the complexity of the Group's regulatory arrangements, it would not have been possible to give the necessary comfort to the Group's key stakeholders regarding the Group's operational, technical and financial stability during the elongated period whilst a liquidator was appointed, given the notice required to creditors. Further, such appointment may have resulted in the termination of certain regulatory consents.
- Finally, additional funding, required to ensure the continuity of operations and maximisation of realisable values for the Companies' business and assets, was conditional on the delivery of a pre-packaged sale of the Companies' assets.
- Therefore, we confirm that the pre-pack transaction enables the statutory purpose to be achieved and that the outcome was the best available outcome for creditors as a whole in all the circumstances.

Approval of these proposals

- The financial position of the Companies means that they have insufficient assets to enable a dividend to be paid to non-preferential unsecured creditors other than by virtue of Section 176A(2)(a) IA86, the Prescribed Part. As a result, we are prohibited by insolvency legislation from seeking a decision from the creditors to consider these proposals, in accordance with Paragraph 52(1)(b) Schedule B1.
- However, a creditor, or creditors, whose debts amount to at least 10% of the total debts of the Companies can require us to hold a decision procedure to enable creditors to consider whether or not to approve these proposals and/or to consider such other decision as they see fit.
- Such a request must be received by us within eight business days from the date these proposals are delivered to the creditors. If creditors do not require us to hold a decision procedure within that time period, then these proposals will be deemed to have been approved.
- Creditors should note that we need not initiate the decision procedure unless the creditor, or creditors, requisitioning the decision procedure provides us with such amounts that we request from them to meet the expenses of the requisitioned decision procedure.
- If these Proposals are deemed to be approved in the manner described above, notice of that fact will be filed with the Registrar of Companies, the Court and also made available online for creditors at <https://www.ips-docs.com>. Access the portal using the login details provided under. Please note that creditor specific passwords (the Unique ID) will be sent by post. If you are a creditor and are yet to receive this letter, please get in touch with the Administrator's staff.

Case	ACL	Plc
Case Code	ACL01-Portal	ACGP01-Portal

Key messages

Plc and ACL's assets are subject to comprehensive security. Absent conditional funding from the Secured Creditors, the Group would have been unable to continue as a going concern, resulting in a worse outcome for creditors as a whole, including those of ACL and Plc, given the likely alternative of a value-destructive liquidation.

Background to the Administration

- The Group has been adversely impacted by the Covid-19 pandemic as pipeline contracts have been delayed, particularly in areas targeted for growth by the Group, such as government / military contracts, and there have been delays in payment from contractual counter-parties.
- The business has become increasingly over-indebted and unable to address significant historic liabilities, with the position worsened by the non-payment of a material customer balance due.
- The Group has sought to address these issues including via ultimately unsuccessful merger discussions, M&A processes and refinancing discussions, in order to provide a stable capital structure. The business has also undertaken material cost-cutting exercises and enhanced its go-to-market offering by increasing focus on key sales channels.
- The Group has also been the recipient of material funding from certain of the Secured Creditors, as they have sought to provide both structural financing, as well as short-term financing to bridge the non-receipt of customer monies.
- However, the Group's liquidity position worsened and it became clear that alternative sources of funding for the Group were not available and there remained material uncertainty over the timing and recoverability of certain customer receipts, resulting in a significant new money requirement.
- It was also clear from prior abortive sales processes that the value of Group assets was unlikely to exceed the value of secured debt and that a restructuring was required. Whilst the Secured Creditors were willing to provide funding to consider various options, they were not willing to fund another sales process and there was no other source of monies to fund such a process either.
- Certain of the Secured Creditors therefore agreed to provide the requisite new money funding contingent upon a material deleveraging of the Group's balance sheet, including through the equitisation of existing debt.
- It was proposed that a pre-packaged administration be used to deliver the proposed transaction, which would result in a better outcome for the creditors of ACL and Plc as a whole than in the alternative of an uncontrolled Group-wide liquidation.

Pre-pack sale of assets

- On 13 April 2022, the Companies' directors appointed us as joint administrators.
- For the reasons explained in this SIP 16 Statement, substantially all of the Companies' assets have been sold to the Purchaser via a pre-pack transaction (which is considered to be a connected party transaction by virtue of the involvement of existing management in this vehicle). The sale consideration of c\$190m was received on completion as set out in more detail overleaf.

Estimated outcome for creditors

- The following table shows our current estimates of the outcome for the various classes of creditors. Please note that this guidance is only an indication and should not be used as the main basis of any bad debt provision.

Creditor class	Amount owed	Estimated Recovery	Timing of Payment
SSF	\$165m	Debt fully assumed by Purchaser affiliate Purchaser equity (variable)	Immediate
Bridge funding	\$14m	Full debt reinstatement Purchaser equity (variable)	Immediate
1+ Lenders (guarantee only)	\$141m	Partial debt reinstatement (on subordinated basis) Purchaser equity (variable)	Immediate
PIK Note holders	\$491m	Purchaser equity (variable)	Immediate
Preferential creditors (ACL)	\$9m	9 to 11 c/\$, or 100 c/\$ ¹	c12 months
Unsecured creditors	\$4m \$27m	Plc c20c/\$ ACL nil or 100 c/\$	c6-18 months

[1] Estimated return dependent on whether it is confirmed by the Court that certain assets sold are subject to fixed or floating charge security, discussed in more detail later in this document

Legal notices

Creditors should read these important notices regarding this report and the appointment of joint administrators.

Agents of the Companies

- The affairs, business and property of the Companies are being managed by the Joint Administrators, who act as agents of the Companies and without personal liability. The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) of the Insolvency Act 1986.

Information on creditors' rights

- Information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at www.creditorinsolvencyguide.co.uk/.
- Guidance on how joint administrators' fees may be approved can be accessed online at www.fticonsulting.com/emea/cip/forms-and-information. Please refer to the version "Guide to Administrators Fees April 2021 England Wales".

Provision of services regulations

- To comply with the Provision of Services Regulations, some general information about FTI Consulting LLP, including about our complaints policy and Professional Indemnity Insurance, can be found online at: <https://www.fticonsulting.com/emea/cip>.

Insolvency code of ethics

- Administrators are bound by the Insolvency Code of Ethics which can be found online at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

Data protection

- FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of its insolvency practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how FTI uses your personal information on our website at <https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>

About this report

- This report has been prepared by the Joint Administrators solely to comply with their statutory duties under insolvency law and regulation. 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 is not suitable to be used, to inform any investment decision in relation to the debt of (or any financial interest in) the Companies.
- Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act 1986 and Insolvency (England and Wales) Rules 2016, does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.
- 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.

An introduction to insolvency

If you are unfamiliar with an insolvency process, please read this page which describes the typical work and role of an insolvency practitioner. This is only a general overview and does not necessarily reflect our work in this case.

What is an insolvency process?

There are several types of insolvency process, but all are intended to achieve the same basic objective: to realise assets that a company owns and repay (to the extent possible) what it owes to creditors.

The type of process depends on the circumstances and the amount distributable to creditors (in accordance with statutory priorities) depends on the value of assets, the costs of the process and level of claims received.

What is an insolvency practitioner?

Commonly referred to as an 'IP', an insolvency practitioner is an experienced and qualified individual who is licensed and authorised to act in relation to an insolvent company, Companies or person.

IPs typically use the staff and resources of their own firm to complete the work, supported by third party professionals and other specialists as required.

IPs are routinely monitored by their professional body to ensure continued adherence to required standards.

Realising the assets

The IP evaluates possible options and pursues the best route for maximising value for creditors. Options could include an immediate sale of the business, a period of ongoing trading (prior to a sale) or a closure/wind-down of operations.

The costs of realising the assets can vary significantly, so an IP is looking to maximise the net value (after costs). Securing the ongoing employment of the workforce can materially reduce claims against a company.

Work done on realising the assets has a direct financial benefit for creditors.

Managing the Companies' affairs

Until such time as a company is dissolved, it must continue to fulfil many of its usual obligations, such as submitting VAT/tax returns and keeping adequate accounting records.

Whilst appointed to manage the affairs of a company, the IP is responsible for ensuring these obligations are met. Support from VAT/tax specialists in insolvency situations helps to ensure accuracy and minimise liabilities.

Other work might include complying with any licensing or regulatory requirements.

Dealing with creditors

It can take several months, often longer, but if and when funds become available, the IP will distribute these to creditors once their claims have been received and agreed.

As secured creditors usually have priority rights over the assets, any amount left over for other non-preferential unsecured creditors can often be very small.

IPs keep creditors updated on their work, either through periodic reports or responding to their queries and correspondence.

Fulfilling our statutory duties

The impact of an insolvency can be wide ranging, so IPs are required to issue notices and periodic reports to those affected parties and keep them updated.

A company's affairs and conduct of its directors must also be investigated to see whether any asset recovery (or other) actions need to be taken.

Whilst this work does not have any direct financial benefit for creditors, the purpose of insolvency law is to protect the interests of creditors.

Regular internal case reviews ensure the process progresses cost effectively and on a timely basis.

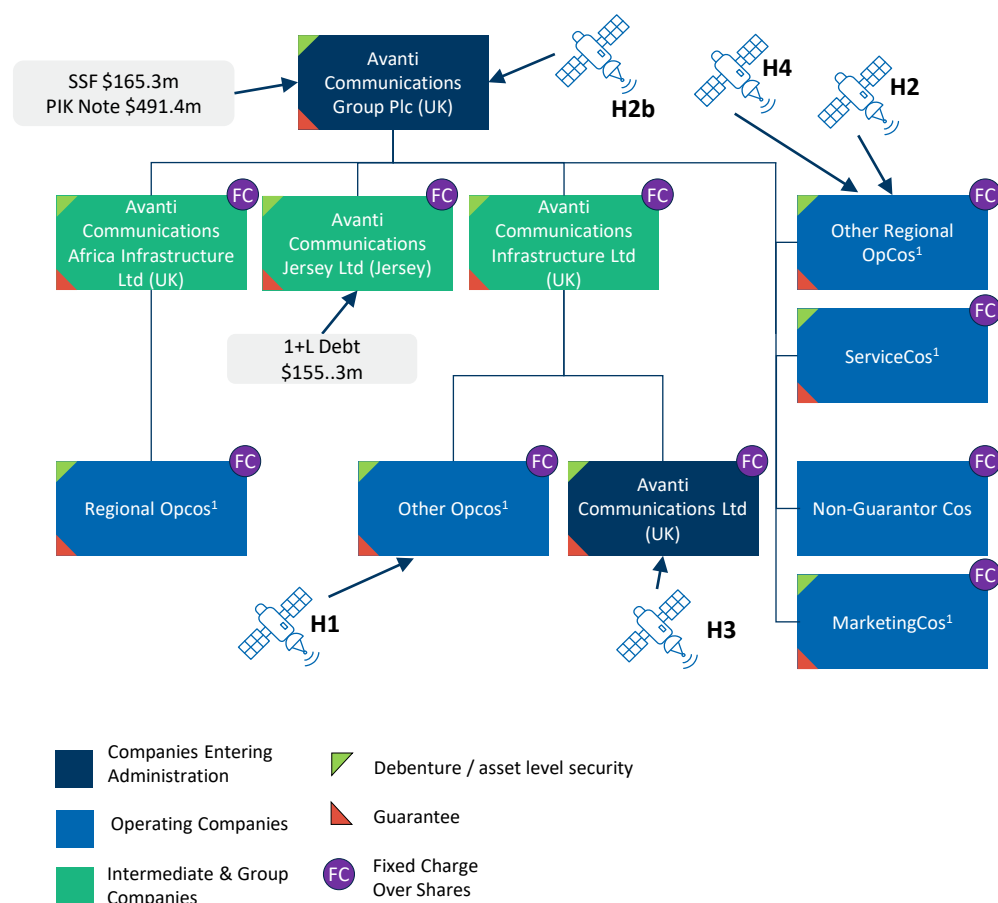


Background to the Administrations

Background

Plc is the holding company of the Group which operates satellites. ACL is an operating company within the Group which holds certain licenses and supplier and payroll relationships.

Simplified Pre-transaction Group Structure



Brief History of the Companies

- The Group is a Ka-band satellite operator for data communications and broadband, operating five GEO satellites.
- The Group is funded by c\$812m of debt (SSF, mezzanine facilities (1+ Lien) and PIK Notes, (collectively the “Secured Creditors”) sharing a comprehensive security package, including share pledges over all major asset holding entities.
- The Group has been adversely impacted by the Covid-19 pandemic as pipeline contracts have been delayed, particularly in areas targeted for growth by the Group, such as government / military contracts, and there have been delays in payment from contractual counter-parties.
- A number of competitors, including OneWeb and Intelsat have filed for bankruptcy, following trading headwinds.
- The Group operates in a highly regulated environment, has complex relationships with key operating stakeholders and is operationally / legally integrated, despite assets and licences being held within different entities. It is considered likely that a liquidation of one group entity would likely trigger the liquidation of the wider Group, given this connectivity.
- Plc is a holding company whose preliminary purpose is holding shares in operating subsidiaries and intermediate holding companies. It is also party to a number of supplier relationships, for services provided to the Group as a whole.
- ACL is an operating entity within the Group, holding a number of regulatory licenses and consents used by the Group, a number of supplier relationships and was formerly the operator of the Group’s payroll.
- Recent financial information and details of registered charges in relation to the Companies, can be found in Appendix A. It should be noted that the management accounts have not been verified for accuracy and therefore may not reflect the Companies’ true trading position.
- Neither the business nor the assets of the Companies have been acquired from an insolvency practitioner within the past two years.

[1] Certain regional subsidiaries at subordinate levels are not subject to asset level security

Events leading up to the Administrations

The Group required additional funding from its Secured Creditors following prolonged working capital issues, in order to achieve the best outcome to creditors as a whole, and no alternative sources of funding were available.

Impact of COVID-19 and Legacy Balance Sheet Issues

- As stated earlier, the Group has been adversely impacted by the Covid-19 pandemic as pipeline contracts have been delayed, particularly in areas targeted for growth by the Group, such as government / military contracts, whilst there have been delays in payment from contractual counter-parties.
- As a consequence, the business has become increasingly over-indebted and unable to address material historic liabilities, with the position exacerbated by the non-payment of a significant customer balance due.

Events Prior to the Administration

- The Group's net debt has steadily increased since April 2018, when a debt-for-equity swap halved Avanti's borrowings from c.\$900m to \$450m. Net debt at the time of the Administrations was \$812m.
- In FY20, the business was unable to complete a proposed merger and an aborted sales process did not result in offers that exceeded the value of the Group's debt.
- During FY20, a refinancing process was undertaken, but was unable to be concluded prior to the intended SSF expiry date and following consensual stakeholder discussions, the SSF was ultimately extended to 31 January 2022 (and subsequently extended to 13 April 2022), with the consent of the Group's existing SSF lender.
- At the same time, the Group's mezzanine debt, which was ultimately provided by the Group's largest equity holders (guaranteed by both Plc and ACL) was increased by \$30m and the mezzanine debt maturity date was extended to 31 July 2022.
- Plc had also issued PIK Notes (ranking behind the mezzanine debt) of c.\$491m (guaranteed by the wider Group) due 1 October 2022, which were listed on the Irish Stock Exchange (now delisted). The majority of these notes are held by holders of 1+ Lien debt.
- As part of the SSF extension, the Group agreed to commence a refinancing process and also to explore a sales process for the Group during FY21.

Alternative Sources of Funding Considered

- The Group had ongoing cashflow needs and was reliant on funding from its financial stakeholders in order to bridge the non-receipt of material customer receipts (due to other Group entities, but which would provide working capital for the whole Group including ACL and Plc), which remained outstanding at the time of the Administrations.
- During the course of 2021, in order to provide further working capital funding to the Group, various amortisation payments due from Plc (and guaranteed by the Group) were deferred with SSF consent. Additionally, certain mezzanine lenders provided factoring arrangements to enhance Group liquidity as bridge funding, following the non-receipt of material customer balances due.
- During 2021, the Group ran a process to refinance the SSF facility and to extend this to provide additional liquidity, but this process was ultimately unsuccessful.
- Indicative soundings in Q3 2021 in respect of potential offers to acquire the business, found that values were unlikely to be in excess of Group secured debt. Consequently with the support of the Secured Creditors, a full M&A process was not launched.
- Given that substantially all of the Group's assets were subject to security in favour of the Group's Secured Creditors, it would not have been viable to secure additional third-party funding from an alternative stakeholder.
- Where possible, the Group sought to work with its other stakeholders to provide additional time to pay liabilities in order to bridge the Group's working capital shortfall, but it was not possible for these stakeholders to provide material funding to the Group.
- The only source of additional funding for the Group therefore, in the absence of material customer receipts, was the Group's existing financial stakeholders.

Pre-administration costs

Pre-Administration costs are fees charged and expenses incurred by the administrator (or another insolvency practitioner) before the Companies entered Administration but with a view to it doing so.

Joint Administrator's role prior to appointment

- Prior to an appointment, an administrator may act as an advisor to a company, its secured creditor or other stakeholders. Services can include supporting a company's efforts to find a buyer for its business and assets, but do not include advising the directors, who typically receive independent legal advice on their personal responsibilities. Similarly, advice would not be given to any potential purchaser.
- In all cases and prior to accepting any appointment, administrators must review any significant relationships with the company and its stakeholders to assess whether they can meet the ethical standards expected of them.
- In a pre-pack situation, an administrator completes a sale immediately (or shortly after) the appointment, potentially having earlier acted in an advisory capacity in relation to the transaction. In considering whether to complete the transaction, administrators must bear in mind their duties to a company's creditors as a whole.

Source of our initial introduction

- David Morris (a fellow partner at FTI Consulting LLP) was introduced to the Board of Plc by Milbank LLP, legal advisors to the Group. Matthew Callaghan first met with management and the Board on 22 December 2020 as part of the Group's competitive pitch process to hire a Financial Advisor to assist with SSF extension discussions.
- FTI was subsequently engaged by Plc as Financial Advisor to the Group on 30 December 2020, to provide advice on liquidity, SSF refinancing and contingency planning, as well as providing support in the negotiations with financial stakeholders.

Extent of our prior involvement

- Following our initial work, under an addendum to our engagement letter dated 30 January 2021, we undertook additional work to review certain Group contracts in the context of the refinancing of the Group's SSF.

- On 17 June 2021, under an engagement letter with Milbank LLP in its capacity as legal counsel to the Group, FTI Financial Services Limited provided advisory services in relation to potential restructuring options in order to address the over-indebtedness of the Group.
- Following a worsening of the Group's working capital position due to the continued non-receipt of a material customer balance, on 7 January 2022, FTI Financial Services Limited was engaged directly by Plc to provide advice on liquidity and contingency planning, as well as providing support in the negotiations with financial stakeholders. Having previously verbally informed the directors and purchasers of our duties/role in the pre-administration period, this was confirmed via correspondence sent on 24 February 2022.

Pre-Administration costs

- Pre-Administration costs are those incurred with a view to a company entering administration. Any unpaid pre-Administration costs at the time of an administrator's appointment can be paid as an expense of an administration, subject to obtaining consent from the relevant class or classes of creditors.
- In Appendix C, we have provided a breakdown of the pre-Administration costs and further information on the work this represents.



Our strategy to achieve the purpose of the Administrations

Strategy and summary of our work

The sale of the assets held by the Companies to their Secured Creditors allowed the injection of funding to facilitate a restructuring of the Group's balance sheet and to maximise value from the Companies' assets.

Our strategy

- Earlier in these Proposals and in our SIP 16 Statement, we have explained why the Companies entered Administration and that the purpose of the Administration is to achieve a better outcome for the creditors of the Companies by virtue of a pre-pack transaction.
- We are satisfied that the outcome for creditors is the best available outcome as a whole in all the circumstances.
- There are no remaining assets to realise (except for potential contingent funding at ACL discussed in more detail in our SIP16 Statement) and the Administration is capable of being brought to an end once all our other work has been completed, as set out hereafter.

Key initial actions

- Upon appointment, transaction documentation was executed and the sale was completed. Full details of the sale can be found in the SIP 16 Statement in Appendix E.
- The consideration received from the Purchaser has been requested from the security agent, who currently holds these proceeds, as well as non-recourse funding for the purposes of completing the Administrations, on trust for the Administrators.
- New bank accounts have been requested to be set-up for the purposes of the Administrations, including receiving transaction consideration from the Purchaser and settling Administration expenses.
- A Receipts and Payments Account is included in Appendix B, which shows all income and expenditure to date.
- Our team has issued all notices required by insolvency legislation, ensured adequate insurance cover is in place and fulfilled our other obligations as joint administrators to date.

Our future work

- The following is a summary of the anticipated future work in the Administrations, before they can be brought to an end:
 - Issue these Proposals and give notice of their approval in due course;
 - Provide such post-sale assistance as is required to the Purchaser under the terms of the asset purchase agreements governing the sale of the Companies' assets;
 - Apply to court for directions in respect of the nature of security over certain assets previously held by ACL in order to ascertain whether additional funding can be drawn for the benefit of preferential and unsecured creditors, as discussed in our SIP16 Statement;
 - Complete distributions to unsecured creditors in Plc and, to second ranking preferential and, if applicable, to unsecured creditors of ACL;
 - Complete our initial assessment of the conduct of the Companies' directors and submit information to the BEIS within three months of our appointment. Conduct any further investigations as required;
 - Request approval to the basis of our remuneration for acting as joint administrators;
 - Settle the expenses of the Administrations;
 - Review the Companies' tax affairs and submit corporation tax returns for the requisite periods and subsequently seek clearance to bring the Administrations to an end;
 - Prepare and issue a report to the creditors on the progress of the Administrations. We anticipate that our first report will also be our final report and hopefully within the next six months; and
 - Close the Administration bank accounts and do all such other things in order to bring the Administrations to an end and wind down the Companies' affairs in an orderly manner.



Estimated outcomes for creditors

Estimated outcomes for creditors

Returns to Secured Creditors are driven by the consideration received for the Companies' assets. The return in respect of HMRC's preferential claim in ACL will be dependent on the determination of security over assets and the consequent availability of additional funding.

Secured Creditors

- The Group Facility Agreement is secured by way of a guarantee over the assets of the Companies as well as charges and guarantees over other Group entities.
- For the reasons explained in these Proposals, the assets of the Companies have been sold to the Secured Creditor-owned vehicle via a pre-pack transaction. The sale consideration received was \$190m as set out in more detail in our SIP16 Statement.
- These sale proceeds are distributable to the Secured Creditors, either as debt assumed by the Purchaser or new debt payable by the Purchaser. As part of the overall restructuring, certain subordinated creditors who are "out of the money", will receive equity or reinstated debt in the ultimate equity owner of the purchaser, but this does form part of the sale consideration.
- As discussed in our SIP16 Statement, there is a contingent element to the sale consideration, which is reflected as a fixed charge realisation and immediate distribution for the benefit of Secured Creditors, in relation to an intra-group receivable disposed of by the Administrators, based on legal advice received on the nature of the security.
- As set out in our SIP16 Statement, a directions hearing in respect of the nature of security over certain assets previously held by ACL will determine whether there is value in the contingent asset held by ACL upon our appointment.
- In the event that the assets disposed of are found to have been subject to a floating charge, we will seek payment from the Purchaser of an amount equal to the minimum of preferential creditor claims and full Prescribed Part distribution, as additional cash proceeds for ACL, which will be distributable to its preferential and unsecured creditors.
- The impact will be that fixed charge realisable values (and distributions) will be reduced by the same amount, as the assets disposed of will, in effect, have been recharacterized as floating charge assets.

First ranking preferential creditors

- The Companies did not have any employees at the time of our appointment, so there are not anticipated to be any first ranking preferential claims.

Plc: Second ranking preferential creditors

- Plc is not believed to have debts payable to HMRC that could rank preferentially.
- As such there is not expected to be any payment to second ranking preferential creditors.

ACL: Second ranking preferential creditors

- ACL is understood to have estimated second ranking preferential claims of \$8.6m.
- The estimated return to preferential creditors based on non-contingent asset realisations is uncertain, as it depends on the level of net realisations after costs and the final value of preferential claims. However, it is not anticipated to exceed 11c/\$.
- In the event that the additional funding can be claimed, it is anticipated that the estimated return to preferential creditors will be c\$8.6m, 100c/\$.

Estimated outcomes for creditors (continued)

Given the size of the guarantee to the Secured Creditors, the sale proceeds are distributable solely to the Secured Creditors, we currently anticipate no dividend for unsecured creditors other than the Prescribed Part.

Unsecured creditors

- In an administration, dividends may become available for unsecured creditors from two sources:
 - The statutory (ring-fenced) Prescribed Part fund (see opposite for more details; and/or
 - The surplus remaining after any secured and preferential creditors have been repaid in full.
- As secured creditors will not be repaid in full, aside from the Prescribed Part provision there will be no other surplus or funds otherwise available for unsecured creditors in either Plc or ACL.

Plc: Prescribed Part

- Pursuant to Rule 3.35(6)(a)(ii) based on net property values of \$147.5m, we estimate that the statutory maximum (£600k) Prescribed Part fund will be available to unsecured creditors of Plc. The quantum of unsecured creditor claims against Plc remains uncertain, as claims have not been submitted or adjudicated. However, based on the balance sheet value of unsecured claims, the estimated dividend is c20 c/\$.

ACL: Prescribed Part

- Pursuant to Rule 3.35(6)(a)(ii) based on net floating charge property values of \$975k, as the value of second ranking preferential creditor claims exceeds the value of non-contingent floating charge realisations to date, we estimated a Prescribed Part of nil and therefore no distribution to unsecured creditors.
- In the event that the additional funding can be claimed, we estimate a full Prescribed Part fund of £600k will be available. This would result in an estimated dividend of 100 c/\$ based on the balance sheet value of unsecured claims.

The Prescribed Part

- Under Section 176A IA86, where after 15 September 2003 a company has granted floating charge security, a proportion of the net property of the company (achieved from floating charge asset realisations) must be made available for the benefit of the Company's unsecured creditors.
- The Prescribed Part applies where there are net floating charge realisations (i.e. after costs of realisation) and is calculated as follows:
 - 50% of net property up to £10k;
 - Plus 20% of the net property in excess of £10k; and
 - Subject to a maximum of £600k (given the date of the floating charges against Plc and ACL) , prior to the deduction of the costs of distributing.

Shareholders

- There will be no return to the Companies' shareholders as there will be a material shortfall to the Companies' creditors.



The Administration Process

Matters relating to the administration process

Insolvency legislation sets a 12-month maximum duration for administrations, unless the duration is extended by the Court or the creditors. We expect the Companies to be dissolved once the Administrations come to an end.

Extension to the period of administration

- Insolvency legislation sets a 12-month maximum duration for administrations, unless the duration is extended by the Court or the creditors.
- If we are unable to complete the Administration of the Companies within 12 months, then we will either apply to the Court, or seek a decision from the creditors to extend the duration of the Administrations.
- At the present time, we do not believe an extension will be required for Plc.
- Depending on how quickly a directions hearing can be held, to ascertain whether the additional funding can be claimed or not, and consequently whether there will be additional distributions to preferential creditors, it is more likely that extension will be required for the Administration of ACL.

Ending the Administrations

- The manner in which an administration ends usually depends on the outcome of the administration. In these cases and because we do not expect a dividend to be available for unsecured creditors beyond the Prescribed Part, the mostly likely exit route is one of the following:
 - a) The Administrations will end by filing notice of dissolution with the Registrar of Companies. The Companies will then automatically be dissolved by the Registrar of Companies three months after the notice is registered. This is currently considered to be the most likely exit route.
 - b) The Administration of the Companies will end by making an application to Court for an order that the Administration ceases.
 - c) The Administration of the Companies will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the Administration has been achieved.

- We will take steps to bring the Administrations to an end at the appropriate time (and when all necessary work has been completed) and by using the exit route we believe is most appropriate at the time.

Discharge from liability

- We will be discharged from liability in respect of any of our actions as administrators at a time appointed by resolution of the creditors' committee or, if there is no committee, by a decision of the creditors; or by an order of the Court.
- In the circumstances of this case, any decision of the creditors is likely to be required from the Secured Creditors only and to the extent there are undischarged preferential creditors likely to receive a dividend, by the preferential creditors.

Creditors committee

- As confirmed earlier, we are not required to seek a decision from the Companies creditors in relation to the approval of these proposals. Therefore, we are not required to invite creditors to decide whether a creditors' committee should be established.

Matters relating to the administration process

The role of administrators includes investigating the affairs of the Companies and its directors prior to the Administration.

Directors' conduct and investigations

- We have a duty to investigate the affairs of the Companies to establish if there are any actions that can be pursued for the benefit of creditors as a whole and also to review the conduct of the members. In this latter respect, we must submit a confidential report to the Secretary of State regarding the conduct of all directors and shadow directors who were in office during the three years before the Administration.
- If creditors wish to bring to our attention any matters that may merit investigation, they should contact us using the details provided at the beginning of this report.
- This request forms part of our normal investigations into the directors' conduct and does not imply any criticism of the directors. The content of our reports are confidential and must be submitted to BEIS within three months of our appointment as joint administrators.

Directors' Statement of Affairs

- As these Proposals are being issued immediately following appointment, we have not yet received an executed statement of affairs for the Companies. On receipt of such, it will be filed as Companies House. We set out in Appendix D, the estimated financial position of the Companies as at the appointment date, based on information provided by the Companies.
- As required by law, this includes details of the creditors' names addresses and debts (including details of any security held). These are based on the level of creditor claims on the Companies' most recent balance sheets and may differ once a full cut-off of accounting records has been concluded.

Administrators' remuneration

The role of administrators includes investigating the affairs of the Companies and its directors prior to the Administration. In respect of our remuneration, in this case it will be determined by the Secured Creditors.

Administrators' remuneration

Plc

- In relation to the disposal of fixed and floating charge assets and associated post-transaction obligations in respect of such disposals, it is anticipated that our fees will be determined as a fixed fee of \$1.755m, in accordance with Rule 18.16(2)(c) and will be payable from fixed and floating charge realisations.
- Pursuant to Rule 18.18(4)(a), as a statement has been made under para 52(1)(b) of Schedule B1 to the Act, (i.e. that we do not expect a dividend to unsecured creditors other than via the Prescribed Part), we will ask the Secured Creditors and where applicable, preferential creditors, to approve our fee basis.
- We therefore anticipate that approval for this fee basis will be sought from the Secured Creditors of Plc. As there are not anticipated to be any preferential creditors of Plc, we will not need consent pursuant to Rule 18.18(4)(b).

ACL

- In relation to the disposal of fixed and floating charge assets and associated post-transaction obligations in respect of such disposals, it is anticipated that an element of our fees will be determined as a fixed fee of \$195k, in accordance with Rule 18.16(2)(c) and will be payable from fixed and floating charge realisations.
- Additionally, we propose that in relation to further statutory costs and continuing costs to determine whether there will be additional floating charge assets, our fees will be based on the time we and our staff spend on the case at our normal charge out rates for this type of work (a time cost basis). We also propose that disbursements for services provided by our firm (defined as Category 2 expenses in SIP9) are charged as per our firms policy.

- Pursuant to Rule 18.18(4)(a), as a statement has been made under para 52(1)(b) of Schedule B1 to the Act, (i.e. that we do not expect a dividend to unsecured creditors other than via the Prescribed Part), we will ask the Secured Creditors and preferential creditors to approve our fee basis.
- If the creditors do not fix the basis of our fees and Category 2 expenses, we may apply to the Court to fix them no later than 18 months after the date of our appointment.
- Before the basis of our remuneration can be approved, we must provide all creditors with the following:
 - Details of the work we have done and propose to do (much of which has been included in this report);
 - Details of the expenses we expect to incur; and
 - If any element of our remuneration is to be paid on a time cost basis, an estimate of the hours likely to be incurred and the hourly rates for that work (a fees estimate).
- This information can be found in Appendix C.



Appendices



Appendix A: Statutory Information

Appendix A: Statutory information

Avanti Communication Group Plc

Company Information	Details
■ Company name:	■ Avanti Communications Group Plc
■ Previous name:	■ n/a
■ Trading name:	■ Avanti Communications Group Plc
■ Company number:	■ 06133927
■ Date of incorporation:	■ 01 March 2007
■ Trading address:	■ C/O FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
■ Current registered office:	■ C/O FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
■ Former registered office:	■ Cobham House, 20 Black Friars Lane, London, EC4V 6EB
■ Principal trading activity:	■ 61300 - Satellite telecommunications activities
■ Appointment Details:	■ Administration
■ Administrators:	■ Matthew Boyd Callaghan, Lisa Jane Rickelton, Ali Abbas Khaki
■ Administrators' address:	■ C/O FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD

Company Information	Details
■ Date of appointment:	■ 13 April 2022
■ Court name and reference:	■ The High Court of Justice, The Business and Property Courts of England & Wales, reference: CR-2022-001107
■ Appointment made by:	■ The Directors of the Company
■ Actions of Administrators:	■ For the purposes of paragraph 100(2) of Schedule B1, the Joint Administrators may exercise any of the powers conferred on them by the IA 1986 jointly or individually.
■ Officers of the Company:	■ Bridget Sheldon-Hill, Steven Edward Evans, Alan Paul Harper, Richard Mastoloni, Derek Gordon Smith, Kyle David Whitehill
■ Company Secretary:	■ Bridget Sheldon-Hill
■ Shareholdings held by the directors and company secretary:	■ No shareholdings held by directors
■ Share Capital:	■ Authorised: 2,163,335,585 ordinary shares £0.01 each ■ Allotted, called up and fully paid: 2,163,335,585 ordinary shares £0.01 each
■ EU Regulation on Insolvency Proceedings:	■ The proceedings flowing from the appointment will be COMI proceedings because the Company is a private limited company incorporated in England, operated from its registered address in England and with its centre of main interests in England. The Company conducts the administration of its interests on a regular basis in England and this is known to its key creditors and is ascertainable by other third parties.

Appendix A: Statutory information

Avanti Communication Limited

Company Information	Details
■ Company name:	■ Avanti Communications Limited
■ Previous name:	■ n/a
■ Trading name:	■ Avanti Communications Limited
■ Company number:	■ 03101607
■ Date of incorporation:	■ 13 September 1995
■ Trading address:	■ C/O FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
■ Current registered office:	■ C/O FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
■ Former registered office:	■ Cobham House, 20 Black Friars Lane, London, EC4V 6EB
■ Principal trading activity:	■ 61300 - Satellite telecommunications activities
■ Appointment Details:	■ Administration
■ Administrators:	■ Matthew Boyd Callaghan, Lisa Jane Rickelton, Ali Abbas Khaki
■ Administrators' address:	■ C/O FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD

Company Information	Details
■ Date of appointment:	■ 13 April 2022
■ Court name and reference:	■ The High Court of Justice, The Business and Property Courts of England & Wales, reference: CR-2022-001107
■ Appointment made by:	■ The Directors of the Company
■ Actions of Administrators:	■ For the purposes of paragraph 100(2) of Schedule B1, the Joint Administrators may exercise any of the powers conferred on them by the IA 1986 jointly or individually.
■ Officers of the Company:	■ Bridget Sheldon-Hill, Robert Plews, Kyle David Whitehill
■ Company Secretary:	■ Bridget Sheldon-Hill
■ Shareholdings held by the directors and company secretary:	■ No shareholdings held by directors
■ Share Capital:	■ Authorised: 7,565,390 ordinary shares £0.01 each ■ Allotted, called up and fully paid: 7,565,390 ordinary shares £0.01 each
■ EU Regulation on Insolvency Proceedings:	■ The proceedings flowing from the appointment will be COMI proceedings because the Company is a private limited company incorporated in England, operated from its registered address in England and with its centre of main interests in England. The Company conducts the administration of its interests on a regular basis in England and this is known to its key creditors and is ascertainable by other third parties.

Trading Performance - Plc and ACL

Avanti Communications Group Plc			
\$k	FY19	FY20	FY21
Bandwidth income	8,146	17,583	11,000
BIU income	17,000	0	0
Total revenue	25,146	17,583	11,000
Bandwidth cost of sales	(25,011)	(17,025)	(10,629)
Service delivery costs	0	(8)	0
Doubtful debt provisions	0	0	(5,300)
Cost of sales	(25,011)	(17,033)	(15,929)
Gross profit	135	550	(4,929)
Staff costs	(68)	0	0
Other operating costs & recharges	(3,614)	(3,446)	(3,345)
Operating Expenditure	(3,682)	(3,446)	(3,345)
EBITDA	(3,547)	(2,896)	(8,274)
Intercompany provisions	(128,000)	256,300	0
Foreign exchange gain/(loss)	(1,063)	1,633	(1,041)
Provisions and forex gain/(loss)	(129,063)	257,933	(1,041)
EBIT	(132,611)	255,037	(9,316)
Financial income	46,764	45,949	44,628
Financial expenditure	(62,595)	(69,020)	(80,281)
Financial gain/(loss)	(15,831)	(23,071)	(35,653)
Tax expenditure	2,907	0	0
Total tax expenditure	2,907	0	0
Gain/(loss) for period	(145,534)	231,967	(44,969)

Avanti Communications Limited			
\$k	FY19	FY20	FY21
Bandwidth income	2,545	1,264	1,510
Edu-Care project income	4,264	3,083	0
Total revenue	6,810	4,346	1,510
Bandwidth cost of sales	(1,991)	(2,325)	(2,011)
Service delivery costs	0	9	(13,300)
Edu-Care project direct costs	(4,768)	(2,989)	(550)
Doubtful debt provisions	0	14	(5)
Cost of sales	(6,758)	(5,291)	(15,866)
Gross profit	51	(945)	(14,356)
Staff costs	(11,529)	(12,640)	(8,472)
Other operating costs & recharges	10,337	12,819	11,117
Operating expenditure	(1,193)	179	2,645
EBITDA	(1,142)	(766)	(11,711)
Satellite depreciation	(56)	(4,573)	(4,847)
Other depreciation and amortisation	(1,544)	(1,679)	(1,715)
Depreciation and amortisation	(1,601)	(6,252)	(6,563)
Foreign exchange gain/(loss)	1,383	(1,921)	1,670
Forex gain/(loss)	1,383	(1,921)	1,670
EBIT	(1,360)	(8,939)	(16,604)
Financial income	0	0	0
Financial expenditure	(675)	(833)	(1,017)
Financial gain/(loss)	(675)	(833)	(1,017)
Tax expenditure	(2,696)	0	0
Total tax expenditure	(2,696)	0	0
Gain/(loss) for period	(4,730)	(9,772)	(17,621)

Trading Performance – March Management Accounts, Plc and ACL

Avanti Communications Group Plc	
\$k	31-Mar-22
Revenue	3,000
Cost of sales	(62)
Gross profit	2,938
Other direct client costs	(8)
Professional costs	(1,937)
Fines and penalties	(4)
Operating Expenditure	(1,948)
EBITDA	990
Foreign exchange gain/(loss)	(652)
Forex gain/(loss)	(652)
EBIT	338
Financial expenditure	(25,340)
Intercompany financial income	11,548
Financial gain/(loss)	(13,792)
Gain/(loss) for period	(13,455)

Avanti Communications Limited	
\$k	31-Mar-22
Revenue	147
Cost of sales	(1,785)
Gross profit	(1,638)
Leases and business rates	(261)
Staff costs	(6,164)
IT costs	(178)
Administrative costs	(26)
Sales & marketing	(72)
Travel	(3)
Other direct client costs	(9)
Professional costs	(96)
Operating expenditure	(6,809)
EBITDA	(8,447)
Depreciation	(545)
Depreciation	(545)
Foreign exchange gain/(loss)	(349)
Intercompany foreign exchange gain/(loss)	(24)
Forex gain/(loss)	(373)
EBIT	(9,365)
Financial income	3
Financial expenditure	(377)
Financial gain/(loss)	(373)
Tax	(0)
Tax	(0)
Gain/(loss) for period	(9,739)

Source: Management Information



Appendix B: Receipts and Payments

Appendix B: Receipts and Payments Account, PLC

Plc: Receipts and Payments account to 13 April 2022

\$	Estimated to Realise ¹	13 April 2022 to 13 April 2022
Fixed Charge Receipts		
Shares	18	18
Total	18	18
Fixed Charge Payments		
Fixed charge distribution		(18)
Total		(18)
Assets Available For Fixed Charge Holders		
		0
Floating Charge Receipts		
Business IPR	1	1
Customer Contracts	4,257,193	4,257,193
Coordination Agreement	1	1
Supply Contracts (inc prepayments)	393,583	393,583
Business Receivables	481,534	481,534
Business Claims	1	1
Seller's Records	1	1
Goodwill	1	1
Leased Assets	1	1
Inter-Company Receivables	142,352,376	142,352,376
Total	147,484,693	147,484,693
Floating Charge Payments		
Floating charge distribution		(144,937,693)
Total		(144,937,693)
Non-Recourse Funding²		
Non-Recourse Funding		0
Total		0
Cash at bank		
Floating charge account ³		2,547,000
Total		2,547,000

Notes to the Account

1. No statement of affairs has yet been provided, so estimated to realise figures accord with proceeds received
2. This funding has been provided under a non-recourse funding facility from the Secured Creditors to meet the costs of the administration. In the event this funding is not required, this must be returned to the Secured Creditors
3. Excluding non-recourse funding, \$792,000 is anticipated to be made available for the benefit of unsecured creditors (i.e. a full Prescribed Part of £600k)
4. Funds are currently held by the Security Agent, pending transfer to the Joint Administrators' account for the Administration

Appendix B: Receipts and Payments Account, ACL

ACL: Receipts and Payments account to 13 April 2022

\$	Estimated to Realise ¹	13 April 2022 to 13 April 2022
Fixed Charge Receipts		
Satellite related assets	6,557,479	6,557,479
FMV Slots Receivable from AH2L	35,000,100	35,000,100
Total	41,557,579	41,557,579
Fixed Charge Payments		
Fixed charge distribution		(41,362,579)
Total		(41,362,579)
Assets Available For Fixed Charge Holders		195,000
Floating Charge Receipts		
FF&E and Office and Computer	76,670	76,670
Customer Contracts	62,820	62,820
Supply Contracts (inc prepayments)	558,401	558,401
Business Receivables	277,104	277,104
Business Claims	1	1
Seller's Records	1	1
Goodwill	1	1
Leased assets - ASL	2	2
Total	975,000	975,000
Non-Recourse Funding²		
Non-Recourse Funding		594,000
Total		594,000
Cash at bank		
Floating charge account ³		1,569,000
Total		1,569,000

Notes to the Account

1. No statement of affairs has yet been provided, so estimated to realise figures accord with proceeds received
2. This funding has been provided under a non-recourse funding facility from the Secured Creditors to meet the costs of the administration. In the event this funding is not required, this must be returned to the Secured Creditors
3. Excluding non-recourse funding, \$975k of floating charge assets are held
4. Funds are currently held by the Security Agent, pending transfer to the Joint Administrators' account for the Administration



Appendix C: Remuneration

Purpose of this appendix

Before the basis of our remuneration can be fixed, we are required to provide all creditors with certain information on the proposed basis of our fees, estimates of expenses and details of the work we intend to do.

Requirement for fee approval

- When a company enters a formal insolvency process under the control of an insolvency practitioner, the costs of the proceedings are paid out of the assets of the company and include the insolvency practitioner's fees and expenses.
- We must seek approval to the basis of our fees and certain categories of expenses before they are paid. Approval must be sought from the appropriate class(es) of creditors or the court, as determined by insolvency law and the circumstances of the case.
- In this case, the basis of our fees and expenses must be fixed by the Secured Creditors (for Plc and ACL) and, for ACL, the preferential creditors of the company, unless a committee is appointed. Fee approval will be sought in due course.

Information provided in this remuneration report

- We have set out in these Proposals the proposed basis for our remuneration along with the following information which you should find helpful:
 - Our fees estimate;
 - An explanation of the work we expect to do;
 - An overview of the insolvency process including an account of our receipts and payments; and
 - Our current estimate of the outcome for creditors.

Other information

- To comply with the Provision of Services Regulations, some general information about FTI Consulting LLP, including about complaints policy and Professional Indemnity Insurance, can be found at: www.fticonsulting.com/emea/cip
- We will furnish creditors free of charge with such information concerning the Company's affairs as they may reasonably require.

How to contact us

- Creditors can contact us using the preferred methods below:

Email:

avantiadministrators@fticonsulting.com

Post: Avanti Communications Group Plc or
Avanti Communications Limited (in
administration)
c/o FTI Consulting LLP
200 Aldersgate
Aldersgate Street
London
EC1A 4HD
United Kingdom

Tel: +44 20 7979 7449

- Further information can be found online at:

<https://www.fticonsulting.com/emea/cip/polarcus-uk-limited>

Actions to be required from preferential and secured creditors

This report has been prepared to support our request for the determination of our remuneration. Relevant creditors will be sent a voting form which will need to be returned by the Decision Date specified on the form.

Action required by creditors

- Given approval will only be required from Preferential and Secured Creditors, no action is required from unsecured creditors.
- Secured and Preferential Creditors should read these Proposals carefully. We would encourage you to read this report in conjunction with any other correspondence previously issued to creditors that continues to be available online.
- Please contact us if you have any questions regarding the approval of our remuneration or in connection with the case generally, or if you want hard copies of any of the documents made available online.
- A voting form will be sent to you to complete and return to us by the Decision Date, to indicate your approval (or otherwise) on the resolutions proposed. To submit a voting form please return this by email or post using the contact details provided.
- If you have not previously provided a proof of debt you will need to do so in conjunction with your voting form, so that your vote can be counted in this decision procedure.
- We would encourage creditors to submit their forms by email, particularly those based outside the UK.

Other information

- To comply with the Provision of Services Regulations, some general information about FTI Consulting LLP, including about complaints policy and Professional Indemnity Insurance, can be found using the following link:
www.fticonsulting.com/emea/cip
- We will furnish creditors free of charge with such information concerning the Company's affairs as they may reasonably require.

- A copy of SIP9 can be found at:
<https://www.icaew.com/-/media/corporate/files/technical/insolvency/regulations-and-standards/sips/england/sip-9-payments-to-insolvency-office-holders-and-their-associates-from-an-estate-e-and-w.ashx>
- A Creditors' Guide to Fees (produced by trade body R3) can be accessed at <https://www.fticonsulting.com/emea/cip/forms-and-information>. The relevant document is titled "Guide to Administrators Fees April 2021 England Wales".

Our Fees and How They Are Determined

We are proposing that our remuneration for acting as joint administrators is to be calculated as a fixed fee for Plc and combination of a fixed fee and time cost basis for ACL.

Insolvency legislation

- Insolvency law allows fees to be calculated in the three ways set out below. Different bases (or a combination of them) can be used for different parts of the work.
 - As a percentage of the value of the property realised and/or distributed (often referred to as a “percentage basis”).
 - By reference to the time properly given by the office-holders and their staff in attending to the matters arising (“time cost basis”); or
 - A set amount (a fixed fee).
- The office-holders must seek approval to the proposed basis (or combination of bases) and provide sufficient supporting information in order for the fee approving body to decide whether it represents the most appropriate mechanism in the circumstances of the case. This information must include details of:
 - the expenses the office-holders consider will be (or are likely to be) incurred; and
 - the work the office-holders propose to undertake.
- Insolvency law says that in determining the basis of remuneration, regard must be had to the following:
 - The complexity (or otherwise) of the case;
 - Any exceptional responsibility falling on the office-holders;
 - The effectiveness with which the office-holders are carrying out, or have carried out, their duties; and
 - The value and nature of the property with which the office-holders have to deal.
- If any part of the remuneration is intended to be taken on a time cost basis, the office-holders must also provide a fee estimate to all creditors, containing:
 - the hourly charge-out rate(s) proposed for each part of that work;
 - the time the office-holders anticipate each part of that work will take; and

- whether (and if so, why) the office-holders anticipate it will be necessary to seek further approval to exceed the fee estimate. The office-holders cannot draw remuneration in excess of the total amount set out in the fee estimate without approval.

Proposed basis of remuneration

- In this case, we are proposing that our remuneration be determined by a fixed fee of \$1.755m at Plc (as has been agreed in principle with Secured Creditors) and will be payable out of floating charge realisations, given the de minimus value of fixed charge assets realised.
- For ACL, we are proposing that our remuneration be determined by a fixed fee of \$195k, which will be drawn from fixed charge assets, given the majority of value realised is fixed charge in nature.
- Additionally, we will seek approval to be remunerated on the basis of time costs incurred, which we anticipate will be drawn from floating charge realisations, as these will relate to our statutory duties and the work required to determine if additional floating charge assets are available to floating charge creditors.
- In the remainder of this section, we have set out details of our fees estimate and time charging policy.
- In the following sections, we have included an overview of our work during the period of our appointment, our progress to date, a summary of our latest estimates on the outcome for creditors and an estimate of our expenses; in order for the fee approving body to make an informed judgement about the reasonableness of our request.
- If you have any questions in relation to the content of this report or the case generally, please contact us using the details provided earlier.

Appendix C: pre-administration costs

The payment of unpaid pre-Administration costs as an expense of the Administration is subject to approval under Rule 3.52 IR16 and does not form part of our Proposals subject to approval under Paragraph 53 Schedule B1.

- The table opposite provides details of costs (excluding VAT) which were incurred before our appointment as administrators but with a view to the Companies entering Administration, under a letter of engagement dated 14 January 2022, between FTI Financial Services Limited and Avanti Communications Group Plc.
- This included advisory work to assist in the structuring of the administration sales in order to facilitate the restructuring of the Group debt.
- Our fees shown in the table opposite represent the planning work performed for the purposes of an administration appointment over the Companies, together with the insolvency planning and appointment preparations over approximately three months prior to our appointment.
- Expenses incurred is wider than our disbursements and covers all expenses incurred by an insolvency practitioner (e.g. lawyers' or agents' fees) and disclosure requirements apply when the engagement is by an insolvency practitioner and not when the engagement was made by the company or secured lenders.
- The expenses relate to costs incurred by Simpson Thacher & Bartlett LLP and other local counsel who provided legal advice to FTI, with a view to the Companies entering Administration. Together with our costs, this pre-Administration work broadly included the following:
 - Liaising with the Secured Creditors to agree on the purchase price, transaction structure and consideration mechanic;
 - Negotiating sale documentation and termination agreements needed to effect the pre-pack sale upon appointment;
 - Identifying key areas of risk and how these could be mitigated;
 - Analysing the associated costs and cash flows, based on the strategy;
 - Liaising with the Secured Creditors generally with respect to the Administration strategy and appointments;
 - Preparing statutory documentation and declarations required for effecting the Administration appointment and liaising with our legal advisors in this regard;
 - Addressing key inter-creditor issues to ensure transaction deliverability; and

£	Paid by Plc	Paid by Purchaser
Our fees ¹ as administrators-in-waiting	\$495,823.35	\$414,455.86
Expenses incurred by us as administrators-in-waiting (legal fees ¹)	Nil	\$1,703,988.63
Fees charged by other persons qualified to act as an insolvency practitioner	Nil	Nil
Expenses incurred by other persons qualified to act as an insolvency practitioner	Nil	Nil
Total	\$495,823.35	\$2,118,444.49

— Drafting certain initial letters and notices that would be required shortly after appointment.

- Please note that the above is indicative of the key areas of work performed and is not an exhaustive list.
- At the date of the sale, in accordance with the transaction documentation agreed with the Secured Creditors, pre-Administration costs due to FTI and legal expenses incurred under an agreement between FTI Financial Services Limited and Simpson Thacher & Bartlett LLP dated 19 January 2021, were assumed by the Purchaser group and paid as part of the transaction.
- To the best of our knowledge, no pre-Administration costs were incurred by any other persons qualified to act as an insolvency practitioner. This information is provided pursuant to Rules 3.35(10), 3.36 and 3.52 of the Rules. Payment of any unpaid pre-Administration costs as an expense of the Administration is subject to approval under Rule 3.52, and not part of the proposals subject to approval under Paragraph 53 Schedule B1 of the Act.

[1] Net of VAT

Fees estimate

Our fees estimate applies only to ACL fees that we will seek creditor approval for to draw on the basis of time costs incurred. As this report is being sent out immediately after our appointment we have not yet incurred fees.

Fees estimate

- The table opposite shows the time expected to be required in each area of the ACL administration and the estimated cost based on the charge-out rates given later in this section. Our total fees estimate is \$260k, representing an estimated 448 hours at an average rate of \$580.5 per hour.
- In the next section, we provide further explanation of the work required in each of these areas. The enclosed overview of the case highlights our progress to date and key areas of future work.
- In the period from our appointment to date, no hours have been incurred as our proposals have been issued immediately on our appointment.
- The fees estimate therefore includes an approximation of the cost of our future work based on information currently available to us, our experience in these matters and certain assumptions regarding the time likely to be required.
- We anticipate that the administration will conclude within 12 months, and that the volume of queries from creditors will be relatively limited, given the pre-packaged nature of the transaction and the volume of known creditors. We do not anticipate any subsequent liquidation being required, and therefore this estimate does not include the cost of any subsequent liquidation. We anticipate that work may be required to assist with the post-transaction obligations of ACL as vendor.
- The most material workstream is likely to be in relation to the directions hearing anticipated to be undertaken, as discussed in more detail elsewhere in this report.

Further approval

- In the event that we anticipate exceeding our fee estimate, we will provide an updated estimate to the relevant creditors and seek consent as needed to agree this estimate.

Fees estimate breakdown

Areas of work	Estimated hours	Estimated cost (£k)	Average rate/hour
Controlling our Appointment	45	26	580.5
Asset Realisations	179	104	580.5
Dealing with Creditors	90	52	580.5
Managing the Company's Affairs	45	26	580.5
Fulfilling Our Statutory Duties	90	52	580.5
Totals	448	260	580.5

Time charging policy and hourly rates

As we are proposing a time cost basis for our remuneration, the manner in which we allocate staff, charge our time and the hourly rates we use, are all important factors.

Staff allocation and time charging policy

- Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team at any point in time will usually consist of one or more of the grades shown in the table opposite, depending on the anticipated size and complexity of the assignment.
- Work is delegated to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and they are supervised accordingly to maximise the cost effectiveness of the work done. Complex issues or important matters of exceptional responsibility are handled by more experienced senior staff or the office-holders themselves.
- All of our staff who work on the case charge time directly to it and are included in any analysis of time charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard. Time is charged in six minute units. We don't charge general overhead costs.
- During the administration of the insolvency, will also utilise the services of specialist teams within FTI Consulting LLP, principally in relation to VAT and tax matters and the costs of which are included within our fees estimate. We consider that the rates chargeable for these services are in line with general market practice and that the service is at least comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and efficient approach to the relevant workstreams is possible.

Hourly charge-out rates

- In the table to the right, we set out the hourly charge-out rates for the various grades of staff who may work on the case. In common with many professional firms, these rates may be subject to change periodically, for example to cover annual inflationary cost increases.

Grade of staff - Restructuring	Rate (£/hour)	Rate (\$/hour)
Senior Managing Director	960	1,295
Managing Director	825	1,115
Senior Director	770	1,040
Director	685	925
Senior Consultant	610	825
Consultant	520	700
Associate (experienced)	350	475
Associate	245	330
Secretarial	185	250
Grade of staff - Tax	Rate (£/hour)	Rate (\$/hour)
Senior Managing Director	900	1,215
Managing Director	760	1,025
Senior Director	700	945
Director - I	665	900
Director - II	575	775
Senior Consultant	405	545
Consultant	340	460
Associate (experienced)	270	365
Associate	230	310
Secretarial	165	225

Work expected to be undertaken

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as liquidators. Further detail is set out below and should be read in conjunction with the rest of these Proposals.

Area of work	Description of work	Reason and benefit for creditors
Controlling our Appointment	<ul style="list-style-type: none"> ■ Strategy and planning: including devising and maintaining appropriate strategies for achieving the purpose of the Administrations, engagement team meetings and documenting key decisions. ■ Case reviews: periodic reviews of the Administrations, typically every six-months. ■ Financial Management: preparing and maintaining cost budgets, estimated outcome statements etc, as appropriate for the case. ■ Remuneration: giving information to creditors, seeking fee approval in accordance with insolvency legislation requirements, maintaining budgets and drawing fees when approved. ■ Closure matters: planning and preparation for ending the Administrations and ultimate dissolution of the Companies. 	<ul style="list-style-type: none"> ■ We have a duty to perform our functions as quickly and efficiently as reasonably practicable in the best interests of the creditors as a whole. ■ Whilst not necessarily generating a direct financial benefit for creditors, these areas of our work ensure that our strategies to maximise realisations and minimise costs (and liabilities where possible), are kept under review and amended as appropriate.
Asset Realisations	<ul style="list-style-type: none"> ■ Following the immediate sale of the assets, we will fulfil any post-sale obligations and undertake the reasonable work required to support the transfer of assets to the purchaser, such as novation of contracts or leases, communications as necessary with counter-parties, completion of transfer documentation etc. ■ We anticipate seeking directions from the Court in respect of the security over certain assets disposed of as part of the transaction. ■ Insurance: arrange 'open cover' insurance immediately on appointment, work with our insurance brokers to agree the scope of any ongoing insurance requirements and manage the policies as required; including cancellation and payment of premiums. ■ Bonding: arrange specific penalty bonding for each of the joint administrators following their appointment, paying premiums and cancelling the bonds once the appointment comes to an end. 	<ul style="list-style-type: none"> ■ The Court directions will determine the allocation of asset proceeds between relevant class of creditors. ■ Insurance cover is a necessary financial loss protection for the Companies, their creditors and the Administrators in respect of assets held (and any insurable risks arising) during the course of the Administrations. ■ Similar to insurance, bonding provides financial protection for preferential and unsecured creditors in respect of the actions of the insolvency practitioners and up to the value of the Companies assets estimated to be available for those classes of creditors. Bonding is a statutory requirement for all insolvency practitioners.

Work expected to be undertaken

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as liquidators. Further detail is set out below and should be read in conjunction with the rest of these Proposals.

Area of work	Description of work	Reason and benefit for creditors
Dealing with Creditors	<ul style="list-style-type: none"> ■ Secured creditors: liaising with / periodic reporting to the Secured Creditors; and making distributions from asset realisations under security entitlements. ■ Preferential claims agreement: reviewing and adjudicating on second ranking claims where a preferential dividend is expected; including liaising with the creditors regarding the provision of supporting information and responding to queries. ■ Preferential dividends: preparing calculations and issuing statutory notices in advance of declaring dividends; followed by the payment of dividends and resolution of subsequent queries. ■ Unsecured claims agreement: reviewing and adjudicating on claims where an unsecured dividend is expected; including liaising with the creditors regarding the provision of supporting information and responding to queries. ■ Unsecured dividends: preparing calculations and issuing statutory notices in advance of declaring dividends; followed by the payment of dividends and resolution of subsequent queries. As required, liaising with the Insolvency Service in respect of any unbanked dividend cheques. ■ Where required, maintain our systems to record and maintain creditor details, claims received, the determination thereon and the payment of dividends. ■ Creditor queries: for all classes of creditors, shareholders and other third parties: responding to inbound queries received to the extent possible and necessary. 	<ul style="list-style-type: none"> ■ Where available, distributions and dividends represent a repayment to creditors in respect of the amounts owed to them by the Companies and therefore is a tangible financial benefit from the insolvency proceedings. ■ During the course of claims agreement, we perform an proportionate level work with an appropriate degree of scrutiny taking into account the quantum of the dividend available, to avoid incurring unnecessary costs and to avoid adversely impacting the recovery for creditors. ■ The objective of our adjudication work is to ensure that only genuine and accurate claims are admitted for dividend purposes and where necessary we apply our expertise and commercial judgement to mitigate liabilities where possible; for the benefit of the wider body of creditors. ■ Responding to general inbound queries can take considerable time and does not have a direct financial benefit for creditors, except for example (for individual creditors) where it is to provide debt confirmations for the purpose of credit insurance claims. To the extent possible, we encourage creditors to review information already available on our website.

Work expected to be undertaken

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as liquidators. Further detail is set out below and should be read in conjunction with the rest of these Proposals.

Area of work	Description of work	Reason and benefit for creditors
Managing the Company's Affairs	<ul style="list-style-type: none"> ■ Corporation Tax: prepare and submit the necessary and periodic tax returns falling due during the Administration; and requesting clearance from HMRC prior to ceasing to act as joint administrators. ■ VAT: prepare and submit the necessary and periodic VAT returns falling due during the Administration; and requesting clearance from HMRC prior to ceasing to act as joint administrators. This work will include making payments to (or requesting refunds from) HMRC and maintaining adequate VAT accounts. ■ To facilitate the above work, an initial review will be performed by our internal Tax and VAT specialists; and all the information likely to be required will be obtained from the Companies' records and HMRC. ■ Books and records: agree the strategy for the safeguarding and destruction (when required) of the Companies' records. This is expected to include a data capture of certain of the Companies' electronic records, taking possession of the statutory books and other records likely to be required for the purpose of the Administration; including in respect of our duties to review the conduct of the directors. ■ Bank account management: opening bank accounts (under our control) for the purpose of depositing sale proceeds and other receipts, paying expenses and making distributions to creditors. Accounts are closed when no longer required and before we cease to act; and are reconciled on a monthly basis. ■ Receipts, payments and accounting journals: maintaining adequate accounting records for the period of the Administration, including the payment of costs and expenses. 	<ul style="list-style-type: none"> ■ We have a statutory responsibility to complete and submit post-insolvency tax and VAT returns and account for any tax due. ■ As circumstances can often be complex, the involvement of our VAT and tax specialists ensures that the Companies pay the correct amount of tax, to avoid adversely impacting any amounts available for creditors. ■ Dealing with the Companies' books and records does not necessarily give a financial benefit to creditors, although they are essential when any defending actions against the Companies from third parties and when adjudicating creditor claims. ■ Opening bank accounts for the Administration avoids the costs and logistics of taking control of the Companies' existing accounts (which are usually closed shortly after appointment). Regular reconciliations of the new accounts assist in maintaining accurate records for the Administration.

Work expected to be undertaken

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as liquidators. Further detail is set out below and should be read in conjunction with the rest of these Proposals.

Area of work	Description of work	Reason and benefit for creditors
Fulfilling Our Statutory Duties	<ul style="list-style-type: none"> ■ Initial letters and notices: issuing all necessary correspondence following our appointment to: creditors, directors, Companies House, HMRC and others. Where a pre-pack transaction occurs, issuing our SIP 16 Statement to creditors and our regulatory body. ■ Statement of affairs: requesting statements from the directors, granting extensions to the deadline (if necessary), responding to queries from the directors and filing signed statements with Companies House. ■ Proposals: preparing and issuing our statement of proposals (for achieving the purpose of the Administrations) to creditors, members and filing with Companies House. Giving notice of the approval of the proposals to the above parties and the Court. ■ Progress reports: preparing and issuing six-monthly (and final) progress reports to creditors, including receipts and payments accounts. ■ Extensions to the Administrations: (if required in order to achieve the objective of the Administration and complete our work) requesting the necessary extension(s) from the relevant class(es) of creditors, or the court. ■ CDDA and SIP2 Assessment: gathering information from the directors and other sources, conducting an initial assessment of the Companies' affairs and the conduct of their current and former directors; and submitting information to the Insolvency Service (acting for the Secretary of State). Undertaking any necessary further investigations in respect of any potential asset recovery actions or dealing queries from the Insolvency Service. 	<ul style="list-style-type: none"> ■ Due to the impact of insolvency on a company's creditors and members, there are statutory requirements to give notice of the appointment of administrators to affected parties. There is no financial benefit to creditors. ■ The various other workstreams arise from statutory requirements due to the Companies being in an insolvency process and similarly do not have any financial benefit for creditors. Many requirements are for the purpose of keeping creditors informed about the Administration and to protect their interests generally.

Expenses of the administrations

Costs are necessarily incurred by the Company and its administrators during the course of the Administrations. Certain categories of these costs must be approved in the same manner as remuneration prior to payment.

Definition of expenses

- Expenses are any payments from the estate which are neither office-holders' remuneration nor a distribution to a creditor or a member. Expenses also include disbursements. Disbursements are payments which are first met by the office-holder and then reimbursed to the office-holder from the estate.
- Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2):
 - Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office-holder. Category 1 expenses can be paid without prior approval.
 - Category 2 expenses: These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an office-holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.
- The types of disbursements categorised as Category 1 expenses typically include external supplies of incidental services specifically identifiable to the case such as postage, statutory case advertising, bonding, invoiced travel and external services such as printing, room hire and document storage. Also included would be any properly reimbursed expenses incurred by personnel in connection with the case.
- The types of disbursements categorised as Category 2 expenses typically include mileage, in-house printing and electronic data storage.

Professional advisors and subcontractors

- The following professional advisors and subcontractors have been engaged:

Firm	Services	Fee arrangement	Reason selected
EPE Reynell	Gazette Notices	Fixed cost per advert	Specialists in dealing with legal advertising
Aon UK Limited	Insurance Risk Services	Insurance premiums	Experienced provider of insurance services to insolvency practitioners
Simpson Thacher LLP	Legal Advice	Time costs	Experienced restructuring lawyers, familiar with the transaction and the company, and with strong working relationship with QC required for directions hearing

- Our choice of professional advisors and subcontractors was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. We also considered that the basis on which they will charge their fees is appropriate in the circumstances. None of the work that we have outsourced could have been undertaken by our teams.

Estimate of expenses

We estimate that expenses totalling c\$590k will be incurred, principally in relation to legal fees.

Expenses estimate

- The table opposite shows our estimate of the expenses likely to be incurred during the course of the Administrations
- We do not anticipate incurring any Category 2 expenses and therefore we will not be seeking approval to the basis upon which these may be charged to the estate. If this changes, we will write to the fee approving body at the appropriate time to seek the necessary approval.
- As the table shows, expenses totalling c.\$590k (plus VAT where applicable) are estimated to arise in these proceedings, the majority of which relates to legal fees incurred in dealing with the administration, including costs likely to be incurred in seeking a direction of the court in respect of the determination of the nature of security over certain assets held by the Group.
- We are satisfied that the amounts expected to be incurred are reasonable in the circumstances of the case.
- There is no requirement for us to seek approval to any Category 1 expenses and the overall estimate provided does not represent a cap on the amount that can be paid. However, when reporting to creditors, we will provide an update on the amounts incurred and paid, together with an explanation for any material differences compared to this estimate.

Firm	Services	Estimated cost (\$)
EPE Reynell	Gazette Notices	400
Aon UK Limited	Bonding	500
Simpson Thacher LLP	Legal Advice	593,000
Total Estimate		593,900



Appendix D: Statement of Affairs

Appendix E: Statement of Affairs

We have not yet received a statement of affairs. An estimated outcome statement for the Companies is shown below, including the realisations per the pre-packaged transaction.

Estimated Outcome Statement: Avanti Communications Limited, 13 April 2022

\$	Avanti Communications Limited		Avanti Communications Group Plc		
Summary of assets	Book value	Estimated to Realise	Book value	Estimated to Realise	Total Estimated to Realise
Assets subject to Fixed Charge					
Shares ¹	0	0	24,879,576	18	18
FMV inter-company receivable	35,000,100	35,000,100	0	0	35,000,100
H3	74,931,025	3,700,000	0	0	3,700,000
Network assets	27,258	27,258	0	0	27,258
Ground station assets	2,830,221	2,830,221	0	0	2,830,221
Total Fixed Charge Assets	112,788,604	41,557,579	24,879,576	18	41,557,597
Secured Creditor liability		(810,358,321)		(810,358,321)	(810,358,321)
<i>Shortfall to Secured Creditor</i>		<i>(768,800,742)</i>		<i>(810,358,303)</i>	<i>(768,800,724)</i>
Assets subject to Floating Charge					
FF&E and Office and Computer	85,188	76,670	0	0	76,670
Customer Contracts	160,767	62,820	4,514,386	4,257,193	4,320,013
Coordination Agreement	0	0	0	1	1
Supply Contracts (inc prepayments)	620,445	558,401	437,314	393,583	951,984
Business receivables	307,894	277,104	802,557	481,534	758,639
Business Claims	0	1	0	1	2
Business IPR	0	0	0	1	1
Seller's Records	0	1	0	1	2
Goodwill	0	1	0	1	2
Leased assets	0	2	0	1	3
Inter-company receivables ¹	0	0	1,288,262	142,352,376	142,352,376
Total assets subject to Floating Charge	1,174,294	975,000	7,042,520	147,484,693	148,459,693
Estimated total assets available for Preferential Creditors		975,000	147,484,693		148,459,693
Summary of liabilities	Book value	Estimated to Realise	Book value	Estimated to Realise	
Liabilities					
First ranking preferential creditors (employees)		0.0	0.0	0.0	
Second ranking preferential creditors (HMRC)		(8,610,482.3)	0.0	0.0	
Estimated surplus / (deficit) for preferential creditors		(7,635,482.3)	0.0	147,484,692.8	
Estimated Prescribed Part of Net Property (where applicable)		0.0	0.0	(790,800.0)	
Estimated total assets available for Floating Charge Holders		0.0	0.0	146,693,892.8	
Shortfall to Secured Floating Chargeholder		(768,800,742.3)	0.0	(663,664,410.4)	
Estimated total surplus / (deficiency) for Secured and Preferential Creditors		(776,436,224.5)	0.0	(516,179,717.7)	
Estimated unsecured creditors ¹		(55,860,248.4)	0.0	(8,728,128.9)	
Estimated total surplus / (deficiency) for creditors as a whole		(832,296,472.9)	0.0	(524,907,846.5)	
Issued and called up Share Capital		(115,714.4)	(115,714.4)	(30,532,636.2)	
Estimated total surplus / (deficiency) as regards Members		(832,412,187.3)	(115,714.4)	(555,440,482.7)	

Overview

- Given that these Proposals are being submitted within one week of appointment, we have not yet received an executed copy of the statement of affairs from directors

General Comments

- We have not performed any audit on the balance sheet provided.
- In line with the standard format for a statement of affairs, it does not include the likely costs of the Administration process.
- We include a list of all creditors in accordance with Rule 3.35(2), albeit there are certain contingent creditors who we anticipate may submit claims in due course.
- Certain assets of ACL are shown as being realised for value for the benefit of fixed charge creditors. As set out in our SIP16 letter, these may be recharacterized as being subject to floating charge security if so determined by the Court.
- Footnotes:
 - [1] Shares are of negligible value, when inter-company balances due to Plc are considered
 - [2] The quantum of creditor claims against the Companies is uncertain and will not be confirmed until a full creditor claim adjudication process has concluded and our estimate includes accrued and lease liabilities
 - [3] All values are exclusive of VAT

Creditor Schedule: Plc

Name of creditor or claimant	Address	Amount of debt (\$)	Details of any security held by creditor	Date of Security	Value of Any Security
Super Senior Facility	C/O 55 Ludgate Hill, Level 1 West, London EC4M 7JW, UK	Was \$165,347,523 prior to transaction	See Appendix A1: Security shared between secured creditors	See Appendix A1: Security shared between secured creditors	Secured over substantially all Group assets, including share security over material trading and holding entities
PIK Notes	C/O 55 Ludgate Hill, Level 1 West, London EC4M 7JW, UK	491,404,648	As above	As above	As above
<i>Other secured guarantee liabilities</i>					
1.0625L	C/O 55 Ludgate Hill, Level 1 West, London EC4M 7JW, UK	Was 13,628,570 prior to transaction	As above	As above	As above
1.125L	C/O 55 Ludgate Hill, Level 1 West, London EC4M 7JW, UK	38,081,791	As above	As above	As above
1.25L	C/O 55 Ludgate Hill, Level 1 West, London EC4M 7JW, UK	11,206,369	As above	As above	As above
1.5L	C/O 55 Ludgate Hill, Level 1 West, London EC4M 7JW, UK	92,343,621	As above	As above	As above
Unsecured creditors	Detailed schedule overleaf	3,741,461	N/A	N/A	N/A

Creditor Schedule: ACL

Name of creditor or claimant	Address	Amount of debt (\$)	Details of any security held by creditor	Date of Security	Value of Any Security
Super Senior Facility	C/O 55 Ludgate Hill, Level 1 West, London EC4M 7JW, UK	Was \$165,347,523 prior to transaction	See Appendix A1: Security shared between secured creditors	See Appendix A1: Security shared between secured creditors	Secured over substantially all Group assets, including share security over material trading and holding entities
PIK Notes	C/O 55 Ludgate Hill, Level 1 West, London EC4M 7JW, UK	491,404,648	As above	As above	As above
<i>Other secured guarantee liabilities</i>					
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1.25L	C/O 55 Ludgate Hill, Level 1 West, London EC4M 7JW, UK	11,206,369	As above	As above	As above
1.5L	C/O 55 Ludgate Hill, Level 1 West, London EC4M 7JW, UK	92,343,621	As above	As above	As above
HMRC (second ranking preferential claim)		c8,600,000	N/A	N/A	N/A
Unsecured creditors	Detailed schedule overleaf	26,678,130	N/A	N/A	N/A

Unsecured Creditor Schedule - Plc

Supplier Name	Balance \$ (12 Apr 22)	Address
AM Power UK	500	25 Shirwell Crescent, Furzton Lake, Milton Keynes, MK4 1GA
Bloomberg Finance LLP	-	731 Lexington Avenue, New York, NY 10022
Bupa Global	(5,651)	Victory House, Trafalgar Place, Brighton, BN1 4FY
Celergo LLC	-	750 Estate Drive STE 110, Deerfield, 60015
CF Corporate	583	Reading International Business Park, Reading, NGE 6AA
Cushman and Wakefield	2,787,696	Colmore Square, Birmingham, B4 6AJ
Donnelley Financial Solutions UK Ltd	(6,988)	European Head Quarters, 138 Cheapside, London, EC2V 6BJ
Hasta World Ltd	6,483	123 Disraeli Road, London, SW15 2DZ
IHS Markit	10,500	5th Floor, 450 West 33rd Street, 10001-2632
Ils Fiduciaries (Iom) Limited	10,103	First Floor, Millennium House, Victoria Road, Douglas, Isle of Man, IM2 4RW
International Life	-	La Croisette, Suite C 208, Chemin Vingt Pieds, Grand Baie, 30517
International Telecommunication Union	43,571	Place des Nations, CH-1211, Geneve 20
JLL	51,690	30 Warwick Street, London, W1B 5NH
KPMG LLP	50,118	Dept 791, 58 Clarendon Road, Watford, WD17 1DE
Lex Auto Lease	(1,006)	Heathside Park, Heathside Park Road, Stockport, SK3 0RB
Lumen Technologies Uk Ltd.	-	260 -266 Goswell Road, EC1V 7EB
Maples And Calder	4,158	11th Floor, 200 Aldersgate Street, London, EC1A 4HD
Marsh USA Inc	91,639	Grove House, Newland Street, Witham, CM8 2UP
Neville Registrars Ltd.	-	Neville House, Steelpark Road, Halesowen, B62 8HD
Oak Hill Advisors, LP	29,990	38th Floor, 1114 Avenue of the Americas, New York, 10003
Ocorian Limited (Bedell Trust	10,842	26 New Street, St Helier, JE2 3RA
Pitney Bowes Financial	2	Building 5, Trident Place, Mosquito Way, Hatfield, AL10 8UJ
Pozitive Energy	(95,614)	The Octagon, 27 Middlesborough, Colchester, CO1 1TG
Regalpress Limited T/A St James's House	-	The Maple Building, 39-51 Highgate Road, London, NW5 1RT
SES Astra SA	608,956	Château de Betzdorf, L-6815 Betzdorf, Grand Duchy of Luxembourg
Spencer Stuart & Associates Ltd	124,613	16 Connaught Place, London, W2 2ED
Thomson Reuters	19,274	Five Canada Square, Canary Wharf, E14 5AQ
Total unsecured claim	3,741,461	

Unsecured Creditor Schedule - ACL

Supplier Name	Balance \$ (12 Apr 22)	Address
ADS Group	1,320	Show Centre, ETPS Road, Farnborough Aerodrome, Farnborough, Hampshire, GU14 6FD
Agilico Workplace Technologies (South) Ltd (Dmc)	2,601	Meadow Court, Team Valley Trading Estate, Dukesway, Gateshead, NE11 0PZ
Alpha Response (2004) T/A Red Support Service	9,652	245 Main Road, Sidcup, DA14 6QS
Arval UK Ltd	-	ARVAL Centre, Windmill Hill, Swindon, SN5 6PE
Autodata Product Ltd	-	256-260 Old Street, London, EC1V 9DD
Aviva Life	(7,147)	
Bollore Logistics	2,587	Unit 1, Skyline, Great South West Road, London, TW14 8NT
British Gas	14	
BT Wholesale (Gat-Rh)	33,122	Crawley New TEC, 1st Floor PP F1, Fleming Way, Crawley, RH10 9JY
Bupa Group	(17,511)	Bupa Place, 102 The Quays, Salford, M50 3SP
Cambridge Maintenance Services Ltd	11,190	Si 1, Parsons Green, St Ives Business Park, St Ives, PE27 4AA
Canada Life Limited	(5,568)	3 Temple Quay, Rivergate, Bristol, BS1 6ER
Castle Water	(557)	1 Boat Brae, Rattray, PH10 7BH
Cisilion Ltd	14,733	Cisilion House, Guildford Road, Leatherhead, KT22 9UT
City Of London	(10,854)	Chamber of London, PO Box 270, Guildhall, London, EC2P 2EJ
Citysprint Group (Transworld Couriers Limited)	3,888	Unit 3 Mandela Way, London, SE1 5SR
Concur Holdings (Netherlands) B.V.	1,568	Amerikastraat 10, 5232 BE's-Hertongenbosch
Cornish Coffee	54	Unit 4, Puro House, Barncoose Industrial Estate, Cornwall, TR15 3RQ
Credence Background Screening (Formerly Risk Advisory)	2,837	160 London Road, Sevenoaks, TN13 1BT
Crisis24	74,738	Two London Bridge, London, SE1 9RA
CSC Corporate Domains Inc	23,823	251 Little Falls Drive, Wilmington, 19808-1674
Custom Security	3,056	12 Harforde Court, John Tate Road, Foxholes Business Park, Hertford, SG13 7NW
Darktrace	7,518	Maurice Wilkes Building, Cowley Road, St. John's Innovation Park, Cambridge, CB4 0DS
DHL Express	412	PO Box 4833, Slough, SL3 3JE
Double D Electronics Ltd	11,537	Unit 6, Robins Wharf, Grove Road, Northfleet, DA11 9AX
Dun & Bradstreet	6,000	The Point, 37, North Wharf Road, Paddington, London, W21AF
ESA - European Space Agency	26,048,042	ESTEC, Keplerlaan 1, 2201 AZ, Noordwijk ZH,
Express Vending Ltd / Selecta	39	Apollo House, Ruislip, West End Road, Odyssey Business Park, Middlesex, HA4 6QD
Food&Dairy Ltd	35	St Columb Major Business Park, St Columb, Cornwall, TR9 6SX
F-Secure Cyber Security Ltd / Withsecure Limited	9,600	Maxtrix House, 5th Floor, Basing View, Basingstoke, RG21 4DZ
Gemini AMPM Ltd	873	18 Albert Drive, Burgess Hill, RH15 9TN
Go1	19,350	RSM UK, Davidson House, Forbury Square, Reading, Berkshire, RG1 3EU
Health Assured Ltd	-	The Peninsula, Victoria Place, Manchester, M4 4FB

Supplier Name	Balance \$ (12 Apr 22)	Address
Hellstrom	4,838	Kungsgatan 33, Box 7305, Stockholm, SE-103 90
Imagin Products	11	Unit 9 Midfield Drive, Dunnikier Business Park, Kirkcaldy, KY1 3LW
Initial Services	3,397	Ebony House, Castlegate Way, Dudley, DY1 4TA
Interoute Ltd	1,200	5th floor, Matrix House, 40 Strand, London, WC2N 5RW
Interxion	-	Hanauer Landstrasse 298, Frankfurt am Main, 60314
Investec Asset Finance	7,943	Reading International Business Park, Reading, RG2 6AA
Iron Mountain	474	Sales Ledger, Nettlehill Road, Houston Industrial Estate, EH54 5DL
ITU - International Telecomm Union	22,183	Place des Nations, CH-1211, Geneve 20
Jackson Lift Services Limited	4,327	Units 3/19 Ropery Business Park, Anchor & Hope Lane, SE7 7RX
Lexis Nexis	1,704	Quadrant House, The Quadrant, SM2 5AS
Lorenzo Adinolfi	4,755	Strada Acque Alte 137, Latina, 04100
Lyreco (UK) Ltd	553	Deer Park Court, Donnington Wood, Telford, TF2 7NB
Marsh USA Inc	103,163	Treasury, Grove House, Newland Street, Witham, CM8 2UP
Michael Page Ltd	63,005	The Switch, 1-7 The Grove, Slough, SL1 1QP
Net Performance Ltd	6,000	Clarence House, 35 Clarence Street, Market Harborough, LE16 7NE
Omni Security Services Ltd	33,259	Omni House, 6 Arvo Court, Huntingdon, PE29 6XS
Page White & Farrer Limited	12,500	Bedford House, John Street, London, WC1N 2BF
Park City Consulting Ltd	-	1 Oak House, Vale View Business Units, Crown Lane, South Ardleigh, CO7 7PL
Perkbbox Ltd	-	3-7, Herbal Hill, London, EC1R 5EJ
Portakabin Ltd	13,608	New Lane, Huntingdon, YO32 9PT
Protec Pest & Hygiene Services Ltd	108	The Court, The Street, Charmouth, DT6 6PE
Rapid Transformation	3,240	272 Bath Street, Glasgow, G2 4JR
Rentokil	604	Ebony House, Castlegate Way, Dudley, DY1 4TA
Restore Datashred (Data Solutions)	799	Unit Q1, Queen Elizabeth Distribution Centre, Purfleet, RM19 1NA
RS Components Ltd	401	PO Box 99, Corby, NN17 9RS
Senitor Associates Limited	17,100	Courthill House, Water Lane, Wilmslow, SK9 5AP
Siemens Financial Services Ltd	279	Sefton Park, Bells Hill Stoke Poges, Buckinghamshire, SL2 4JS
Smartsheet Inc	52,354	3003 Tasman Drive, Santa Clara, CA 95054
Telehouse Europe Ltd	9	Coriander Avenue, London, E14 2AA
The Athlete Media Group	50,400	Thatch Barn, Hoath Corner, Edenbrudge, TN8 7BS
Think Tower Bridge	22,878	TowerXchange, 8 Bouverie Street, London, EC4Y 8AX
Thirsty Work Water Coolers	86	PO Box 240, Exeter, EX4 3YH
UK Space Trade Association Ltd	-	60 Barbados Road, Bordon, GU35 0FX
Total unsecured claim	26,678,130	



Appendix E: SIP 16 Statement



To All Known Creditors

**Avanti Communications Group Plc
Avanti Communications Limited
(both in Administration)**

Joint Administrators' SIP 16 Statement on the Sale
of the Business and Assets



Introduction

Glossary

Abbreviation	Definition
1+	Solus, Blackrock, Great Elm, MSD, and Robus: 1+Lien Debt Holders
1L or SSF	HPS: 1st Lien Debt Holder, Super Senior Facility
ACL	Avanti Communications Limited
Administrations	The Administration of Plc and ACL
AH2L	Avanti Hylas 2 Limited
APA	Asset Purchase Agreement
Appointment Date	13 April 2022
BEIS	Department of Business, Energy, & Industrial Strategy
c.	Approximately
CT	Corporation Tax
DLR	German Space Agency
EDRS	European Data Relay Satellite
FA	Financial Adviser
FTI / FTI UK	FTI Consulting LLP
H1	Hylas 1 Satellite
H2	Hylas 2 Satellite
H2b	Hylas 2b Satellite
H3	Hylas 3 Satellite
H4	Hylas 4 Satellite
HMRC	Her Majesty's Revenue and Customs
IA86	Insolvency Act 1986 (as amended)
ICA	International Compliance Association
ICAEW	Institute of Chartered Accountants in England & Wales
IP	Intellectual Property
IR16	Insolvency (England and Wales) Rules 2016 (as amended)
ITU	International Telecommunications Union
Joint Administrators/ We/Our/Us	Matthew Boyd Callaghan, Lisa Jane Rickelton and Ali Abbas Khaki
Lender / Secured Creditor	Holders of SSF, 1+ Lien (1L/Mezzanine Debt) and PIK Notes, who have a shared security package over the Group. Creditors with security in respect of their debt in accordance with Section 248 IA86.
NBV	Net Book Value

Abbreviation	Definition
NDA	Non-Disclosure Agreement
NRAs	National Regulatory Authorities
OFCOM	Office of Communications
PAYE	Pay-as-you-earn tax
PIK	Pay in Kind
Plc	Avanti Communications Group Plc
Preferential creditors	First ranking: Principally employee claims for unpaid wages (max £800 per employee), holiday pay, and certain unpaid pension contributions. Second ranking: HMRC in respect to certain specified debts.
Pre-pack	Pre-Packaged Administration
Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86.
Purchaser	Plate Bidco 4 Limited
Schedule B1	Schedule B1 IA86
Security Trustee	GLAS Trust Corporation Limited
SIP	Statement of Insolvency Practice
SIP 13	Connected party sale
SIP 16	Pre-packaged sales in administrations
SIP 2	Investigations by office holders in administrations and insolvent liquidations
SIP 7	Presentation of financial information in insolvency proceedings
SIP 9	Payments to insolvency office holders and their associates from an estate
Target Assets	Shares in the operating companies in the Group as well as substantially all of the other assets of Plc and ACL
the Companies	Avanti Communications Group Plc, Avanti Communications Limited
the Group	Plc and its subsidiaries
Transaction	The sale of the Target Assets to the Purchaser
The Proposals	The Statement of Proposals dated 13 April 2022
TTP	Time To Pay arrangement
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
UKSA	United Kingdom Space Agency
UN	United Nations
VAT	Value-Added Tax

Purpose of this report

- Matthew Boyd Callaghan, Lisa Jane Rickelton and Ali Abbas Khaki have been appointed as joint administrators of Avanti Communications Group Plc and Avanti Communications Limited collectively. The appointments were made on 13 April 2022 by the directors of the Companies.
- Plc is the principal holding company for the Avanti Group and its principal assets were shares in operating companies (subject to fixed charge security in favour of the Group's Secured Creditors) and certain trading contracts.
- ACL is an operating company within the Group that principally held a number of the Group's operating licenses and supply relationships.
- We advise you that shortly after our appointment, we effected a sale of the Companies' assets to Plate Bidco 4 Limited. This is known as a pre-pack sale and information about the sale and the reasons for undertaking it are contained in this document.
- We have also included the following information:
 - Details of the actions that creditors may wish to take;
 - Certain legal notices regarding this report, our appointment and creditors' rights; and
 - If you are unfamiliar with insolvency, we have also included a brief overview that you may wish to read before continuing to read this report.
- We are required to give creditors (within eight weeks of our appointment), a statement of our proposals for achieving the purpose of administration. However, when a pre-packaged sale has been undertaken, SIP 16 requires that we should seek any requisite approval of our proposals as soon as practicable after appointment and, ideally, the proposals should be sent with this notification of the sale. Accordingly, our proposals have been issued with this SIP 16 Statement and can be found online at the website address given opposite.
- If you have any queries regarding the content of this report or if you want hard copies of any of the documents made available online, please contact us using the details provided on the right.

How to contact us

- Creditors can contact us using the preferred methods below:

Email: avantiadministrators@fticonsulting.com

Post: Avanti Communications Group Plc / Avanti Communications Ltd
(in administration)
c/o FTI Consulting LLP, 200 Aldersgate, Aldersgate Street,
London, EC1A 4HD

Tel: 020 3077 0468

- We intend to take advantage of the legislative provisions whereby we can put future documentation relating to the Administrations on to a website and need not write to creditors to notify them that we have done so. Further information about this is set out in the notice sent to you. The website address is <https://www.ips-docs.com> (see overleaf for login details)



Signed:

Matthew Boyd Callaghan

Joint Administrator
Acting as agent and without personal liability

Summary

The Transaction provides a materially better outcome than the alternative option. It maximises value for secured creditors, achieves payment of a full Prescribed Part at Plc, maximises the return to preferential (and, potentially, unsecured) creditors of ACL, and ensures the other Group companies remain solvent, providing continuity and reducing potential contingent claims.

- We are sending you this report as we have been appointed as Joint Administrators of Avanti Communications Group Plc (“Plc”) and Avanti Communications Limited (“ACL”) and have completed a pre-packaged sale of their business and assets (“the Transaction”) to an entity owned by certain of the secured creditors of Plc and ACL, Plate Newco 4 Limited (the “Purchaser”). The purchaser entity will have members of the ACL and Plc management teams on the board in the future, meaning this comprises a “connected party” sale.
- The information we are required to send you in accordance with Statements of Insolvency Practice 13 and 16 follows in the body of this report.
- For reasons set out later in this report, we do not consider that there was any deliverable alternative to the Transaction, other than an uncontrolled liquidation of Plc and ACL, which would have resulted in a worse outcome for creditors as a whole. An uncontrolled liquidation would have undoubtedly resulted in further insolvencies across the Group, resulting in further losses to creditors and additional contingent claims in the Plc and ACL administration estates. The Secured Creditors of Plc and ACL have comprehensive security over the assets of Plc and ACL, and under applicable law are entitled to most of the proceeds of the sale. However, the Transaction also ensures the following:
 - **Maximum Prescribed Part at Plc:** This is an element of sales proceeds made available to unsecured creditors (i.e. creditors that do not have security over the Companies’ assets, or preferential status). Upon an uncontrolled liquidation, this is unlikely to have been achieved. The comprehensive nature of the Secured Creditors’ security meant that unsecured creditors would not have been entitled to any distributions beyond the Prescribed Part unless the Secured Creditors had been paid in full. Based on previous marketing processes and independent valuation evidence, this was considered highly unlikely.
 - **Maximised realisations of floating charge assets of ACL:** In an uncontrolled liquidation, floating charge assets would likely have had negligible value as ACL would likely have ceased trading. The Transaction sees enhanced value being paid to acquire these assets, as they will be used by the Purchaser to continue trading. This in turn increases the proceeds available to preferential creditors compared to a liquidation.
 - **Protection for preferential creditors and unsecured creditors of ACL:** Certain of ACL’s assets were considered to be, and have been treated as, subject to fixed charge security for the benefit of the Secured Creditors, which would mean the Secured Creditors are entitled to the benefit of the proceeds (net of costs). However, as fixed charge security can be recharacterised as floating in certain circumstances, we intend to apply to court for confirmation that the security over the assets in question was fixed::
 - If the court determines (contrary to legal advice received by certain of the Secured Creditors) that the security over the assets was actually floating in nature, the Joint Administrators will be able to draw on additional cash funding to make a payment to the preferential and unsecured creditors of ACL up to the value of the assets in question. It is currently anticipated that, should this court determination be made, the cash would be sufficient to repay the preferential creditors of ACL and Prescribed Part in full.
 - This funding line would not have been available had ACL entered liquidation, and the assets would likely have been sold, if at all, for a materially lower value.
- The Transaction also ensures continuity of business for the customers, regulatory stakeholders and employees of the wider Avanti Group, and ensures that suppliers to Group companies that have not entered administration are also unaffected.

Actions for creditors

Creditors may need or wish to take certain steps as a result of the Companies entering an Administration procedure. Please note that the moratorium prevents legal action against the Companies.

Amounts owed to creditors

- As a result of our appointment, you are an unsecured creditor of the Companies in respect of the money owed to you, unless you have security in respect of your debt (in accordance with Section 248 of the Insolvency Act 1986). You will appreciate that at present we cannot make any payment to creditors of the Companies in respect of any debts arising prior to our appointment.
- Whilst it is the responsibility of the directors to provide us with details of the debts owed by the Companies, it would be of assistance to us if you would forward details of your claim to us.
- Creditors are invited to lodge their claims and supporting evidence using the proof of debt form available on our website: <https://www.ips-docs.com> using the login details provided below. Please note that creditor specific passwords (the Unique ID) will be sent by post. If you are a creditor and are yet to receive this letter, please get in touch with the Joint Administrators' staff.

Case	ACL	Plc
Case Code	ACL01-Portal	ACGP01-Portal

Goods in the Companies' possession

- If you consider that you have supplied goods to the Companies that are subject to reservation of title, please notify us of this fact within the next 10 days. If you do not notify us of any reservation of title claims you consider you have within the next 10 days, then we will assume that you have no such claim to the goods you have supplied to the Companies.
- If you have supplied the Companies with equipment, vehicles or other items that are subject to a hire or finance agreement, then you should forward to us proof of ownership and a detailed description of the items concerned.

Review of the Companies' affairs and their directors

- As part of our statutory duties, it is our responsibility to report on the conduct of the directors of the Companies and also to consider any areas requiring investigation with a view to making asset recoveries (this does not imply any wrongdoing on behalf of the directors).
- We should be pleased to receive from you any information that you have about the way that the Companies' business was conducted or potential asset recoveries, that you consider will assist us.

VAT advice

- Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 of the Value Added Tax Act 1994. Relief is available when the debt is six months old and "written off" by the creditor entering it on their VAT refunds-for-bad-debts-account. Insolvency practitioners have no role in administering VAT bad debt relief. Creditors who are uncertain as to how they may claim, should contact their VAT office or take professional advice.

Moratorium on legal processes

- Unless we consent or with the permission of the court, no step may be taken to enforce security over the Companies' property or repossess goods in the Companies' possession under a hire-purchase agreement. Similarly, a landlord may not exercise a right of forfeiture by peaceable re-entry in relation to any premises let to the Companies; and no legal process may be instituted or continued against the Companies or its property.

Legal Notices

Creditors should read these important notices regarding this report and the appointment of joint administrators.

Agents of the Companies

The affairs, business and property of the Companies are being managed by the Joint Administrators, who act as agents of the Companies and without personal liability. The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) of the Insolvency Act 1986.

Information on creditors' rights

Information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at: <http://www.creditorinsolvencyguide.co.uk/>.

Guidance on how administrators' fees may be approved can be accessed online at: <https://www.fticonsulting.com/emea/cip/forms-and-information>.

Please refer to the version "Guide to Administrators Fees April 2021 England Wales".

Data protection

FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of its insolvency practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how FTI uses your personal information on our website at: <https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>

Opting out of correspondence

Creditors have the right to elect to opt out of receiving further communication about the insolvency procedure.

Any creditor may elect to become an opted-out creditor at any time, by delivering a dated notice of the request, in writing to me. An opted-out creditor remains as such for the duration of the proceedings unless the opt out is revoked by a further notice in writing, dated and delivered to us.

A creditor becomes (or ceases to be) an opted-out creditor when the notice is delivered to us.

The opt out will not apply to the following:

- a notice which the Insolvency Act 1986 requires to be delivered to all creditors without expressly excluding opted-out creditors;
- a notice of a change in the officeholder or a notice of a change in our contact details, or
- a notice of a dividend or proposed dividend or a notice which the court orders to be sent to all creditors or all creditors of a particular category to which the creditor belongs.

Opting-out will not affect a creditor's entitlement to receive dividends should any be paid to creditors or a creditors' rights to vote in a decision procedure or to participate in a deemed consent procedure, although any creditor who opts-out will not receive notice of it.

Any creditor who opts out will be treated as having opted out in respect of consecutive insolvency proceedings of a different kind in respect of the same company.

About this report

This report has been prepared by the Joint Administrators solely to comply with their statutory duties under insolvency law and regulation. 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 is not suitable to be used, to inform any investment decision in relation to the debt of (or any financial interest in) the Companies.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

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.

Provision of services regulations

To comply with the Provision of Services Regulations, some general information about FTI Consulting LLP, including about our complaints policy and Professional Indemnity Insurance, can be found online at: <https://www.fticonsulting.com/emea/cip>.

An introduction to insolvency

If you are unfamiliar with an insolvency process, please read this page which describes the typical work and role of an insolvency practitioner. This is only a general overview and does not necessarily reflect our work in this case.

What is an insolvency process?

There are several types of insolvency process, but all are intended to achieve the same basic objective: to realise assets that a company owns and repay (to the extent possible) what it owes to creditors.

The type of process depends on the circumstances and the amount distributable to creditors (in accordance with statutory priorities) depends on the value of assets, the costs of the process and level of claims received.

What is an insolvency practitioner?

Commonly referred to as an 'IP', an insolvency practitioner is an experienced and qualified individual who is licensed and authorised to act in relation to an insolvent company, partnership or person.

IPs typically use the staff and resources of their own firm to complete the work, supported by third party professionals and other specialists as required.

IPs are routinely monitored by their professional body to ensure continued adherence to required standards.

Realising the assets

The IP evaluates possible options and pursues the best route for maximising value for creditors. Options could include an immediate sale of the business, a period of ongoing trading (prior to a sale) or a closure/wind-down of operations.

The costs of realising the assets can vary significantly, so an IP is looking to maximise the net value (after costs). Securing the ongoing employment of the workforce can materially reduce claims against the company.

Work done on realising the assets has a direct financial benefit for creditors.

Managing the Companies' affairs

Until such time as a company is dissolved, it must continue to fulfil many of its usual obligations, such as submitting VAT/tax returns and keeping adequate accounting records.

Whilst appointed to manage the affairs of a company, the IP is responsible for ensuring these obligations are met. Support from VAT/tax specialists in insolvency situations helps to ensure accuracy and minimise liabilities.

Other work might include complying with any licensing or regulatory requirements.

Dealing with creditors

It can take several months, often longer, but if and when funds become available, the IP will distribute these to creditors once their claims have been received and agreed.

As secured creditors usually have priority rights over the assets, any amount left over for other non-preferential unsecured creditors can often be very small.

IPs keep creditors updated on their work, either through periodic reports or responding to their queries and correspondence.

Fulfilling our statutory duties

The impact of an insolvency can be wide ranging, so IPs are required to issue notices and periodic reports to those affected parties and keep them updated.

A company's affairs and conduct of its directors must also be investigated to see whether any asset recovery (or other) actions need to be taken.

Whilst this work does not have any direct financial benefit for creditors, the purpose of insolvency law is to protect the interests of creditors.

Regular internal case reviews ensure the process progresses cost effectively and on a timely basis.



SIP 16 Statement

Statement of Insolvency Practice 16

We must provide creditors with sufficient information regarding the pre-pack sale, including the reasons why we believe the outcome achieved was the best available outcome for creditors as a whole in all the circumstances.

Statements of Insolvency Practice (SIPs)

- The purpose of SIPs is to promote and maintain high standards by setting out required practice and harmonising the approach of insolvency practitioners to particular aspects of insolvency practice. SIPs set principles and key compliance standards with which insolvency practitioners are required to comply. They apply in parallel to the prevailing statutory framework.
- SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities, acting through the Joint Insolvency Committee.

Statements of Insolvency Practice 16

- SIP 16 applies to all pre-packaged sales in administrations, irrespective of who the purchaser may be.
- The term 'pre-packaged sale' refers to an arrangement under which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the transaction or transactions immediately on (or shortly after) appointment.
- The administrator should provide creditors with sufficient information ("the SIP 16 Statement") such that a reasonable and informed third party would conclude that the pre-packaged sale was appropriate and that the administrator has acted with due regard for the creditors' interests.
- A copy of SIP 16 can be found online at:
<https://www.icaew.com/-/media/corporate/files/technical/insolvency/regulations-and-standards/sips/england/sip-16---england-and-wales-300421.ashx>
- We have made this statement in order to comply with our responsibilities under SIP 16. On the next page we summarise the pre-pack transaction and the reasons why we believe it represents the best outcome for creditors as a whole in the circumstances. We then set out the detailed information required by SIP 16.

Purpose of the Administration

- As joint administrators, we are officers of the Court and are responsible for managing the business, property and affairs of the Companies. The purpose of the Administration is to achieve one of the hierarchy of statutory objectives, namely to:-
 - a) rescue the Companies as a going concern; or
 - b) achieve a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up (without first being in Administration); or
 - c) realise property in order to make a distribution to one or more secured or preferential creditors.
- In this case we are pursuing objective (b) because it was not reasonably practical to rescue the Companies as a going concern.
- Given the level of the Group's indebtedness and the estimated realisable value of the Group's assets, it was considered unlikely that a going concern sale of Plc or ACL could be achieved, albeit the transaction prevents the insolvency of a large number of Group entities and should facilitate the continuation of Group operations on a largely business-as-usual basis.
- Given the complexity of the regulatory and licensing consents required to complete the sale of the Target Assets it was not considered possible that a sale of the Group could be conducted via liquidation, given the delays this would cause to a transaction.
- Therefore, we confirm that the Transaction enables the statutory purpose to be achieved and that the outcome was the best available outcome for creditors as a whole in all the circumstances.
- In order to help us achieve the objective, we have a wide range of powers, as set out in the insolvency legislation, and we must perform our functions as quickly and efficiently as is reasonably practicable.

Key messages

Plc and ACL's assets are subject to comprehensive security. Absent conditional funding from the Secured Creditors, the Group would have been unable to continue as a going concern, resulting in a worse outcome for creditors as a whole, including those of ACL and Plc, given the likely alternative of a value-destructive liquidation.

Background to the Administration

- The Group has been adversely impacted by the Covid-19 pandemic as pipeline contracts have been delayed, particularly in areas targeted for growth by the Group, such as government / military contracts, and there have been delays in payment from contractual counter-parties.
- The business has become increasingly over-indebted and unable to address significant historic liabilities, with the position worsened by the non-payment of a material customer balance due.
- The Group has sought to address these issues including via ultimately unsuccessful merger discussions, M&A processes and refinancing discussions, in order to provide a stable capital structure. The business has also undertaken material cost-cutting exercises and enhanced its go-to-market offering by increasing focus on key sales channels.
- The Group has also been the recipient of material funding from certain of the Secured Creditors, as they have sought to provide both structural financing, as well as short-term financing to bridge the non-receipt of customer monies.
- However, the Group's liquidity position worsened and it became clear that alternative sources of funding for the Group were not available and there remained material uncertainty over the timing and recoverability of certain customer receipts, resulting in a significant new money requirement.
- It was also clear from prior abortive sales processes that the value of Group assets was unlikely to exceed the value of secured debt and that a restructuring was required. Whilst the Secured Creditors were willing to provide funding to consider various options, they were not willing to fund another sales process and there was no other source of monies to fund such a process either.
- Certain of the Secured Creditors therefore agreed to provide the requisite new money funding contingent upon a material deleveraging of the Group's balance sheet, including through the equitisation of existing debt.
- It was proposed that a pre-packaged administration be used to deliver the proposed transaction, which would result in a better outcome for the creditors of ACL and Plc as a whole than in the alternative of an uncontrolled Group-wide liquidation.

Pre-pack sale of assets

- On 13 April 2022, the Companies' directors appointed us as joint administrators.
- For the reasons explained in this SIP 16 Statement, substantially all of the Companies' assets have been sold to the Purchaser via a pre-pack transaction (which is considered to be a connected party transaction by virtue of the involvement of existing management in this vehicle). The sale consideration of c\$190m was received on completion as set out in more detail overleaf.

Estimated outcome for creditors

- The following table shows our current estimates of the outcome for the various classes of creditors. Please note that this guidance is only an indication and should not be used as the main basis of any bad debt provision.

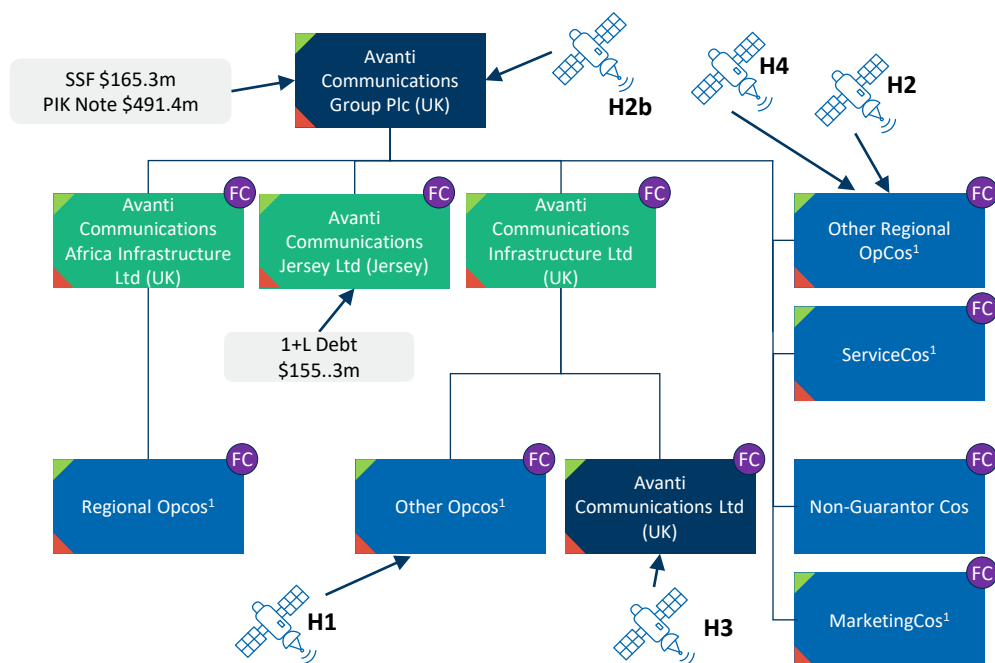
Creditor class	Amount owed	Estimated Recovery	Timing of Payment
SSF	\$165m	Debt fully assumed by Purchaser affiliate Purchaser equity (variable)	Immediate
Bridge funding	\$14m	Full debt reinstatement Purchaser equity (variable)	Immediate
1+ Lenders (guarantee only)	\$141m	Partial debt reinstatement (on subordinated basis) Purchaser equity (variable)	Immediate
PIK Note holders	\$491m	Purchaser equity (variable)	Immediate
Preferential creditors (ACL)	\$9m	9 to 11 c/\$, or 100 c/\$ ¹	c12 months
Unsecured creditors	\$4m \$27m	Plc c20c/\$ ACL nil or 100 c/\$	c6-18 months

[1] Estimated return dependent on whether it is confirmed by the Court that certain assets sold are subject to fixed or floating charge security, discussed in more detail later in this document

Background

Plc is the holding company of the Group which operates satellites. ACL is an operating company within the Group which holds certain licenses and supplier and payroll relationships.

Simplified Pre-transaction Group Structure



Brief History of the Companies

- The Group is a Ka-band satellite operator for data communications and broadband, operating five GEO satellites.
- The Group is funded by c\$812m of debt (SSF, mezzanine facilities (1+ Lien) and PIK Notes, (collectively the “Secured Creditors”) sharing a comprehensive security package, including share pledges over all major asset holding entities.
- The Group has been adversely impacted by the Covid-19 pandemic as pipeline contracts have been delayed, particularly in areas targeted for growth by the Group, such as government / military contracts, and there have been delays in payment from contractual counter-parties.
- A number of competitors, including OneWeb and Intelsat have filed for bankruptcy, following trading headwinds.
- The Group operates in a highly regulated environment, has complex relationships with key operating stakeholders and is operationally / legally integrated, despite assets and licences being held within different entities. It is considered likely that a liquidation of one group entity would likely trigger the liquidation of the wider Group, given this connectivity.
- Plc is a holding company whose preliminary purpose is holding shares in operating subsidiaries and intermediate holding companies. It is also party to a number of supplier relationships, for services provided to the Group as a whole.
- ACL is an operating entity within the Group, holding a number of regulatory licenses and consents used by the Group, a number of supplier relationships and was formerly the operator of the Group’s payroll.
- Recent financial information and details of registered charges in relation to the Companies, can be found in Appendix A. It should be noted that the management accounts have not been verified for accuracy and therefore may not reflect the Companies’ true trading position.
- Neither the business nor the assets of the Companies have been acquired from an insolvency practitioner within the past two years.

[1] Certain regional subsidiaries at subordinate levels are not subject to asset level security

Events leading up to the Administrations

The Group required additional funding from its Secured Creditors following prolonged working capital issues, in order to achieve the best outcome to creditors as a whole, and no alternative sources of funding were available.

Impact of COVID-19 and Legacy Balance Sheet Issues

- As stated earlier, the Group has been adversely impacted by the Covid-19 pandemic as pipeline contracts have been delayed, particularly in areas targeted for growth by the Group, such as government / military contracts, whilst there have been delays in payment from contractual counter-parties.
- As a consequence, the business has become increasingly over-indebted and unable to address material historic liabilities, with the position exacerbated by the non-payment of a significant customer balance due.

Events Prior to the Administration

- The Group's net debt has steadily increased since April 2018, when a debt-for-equity swap halved Avanti's borrowings from c.\$900m to \$450m. Net debt at the time of the Administrations was \$812m.
- In FY20, the business was unable to complete a proposed merger and an aborted sales process did not result in offers that exceeded the value of the Group's debt.
- During FY20, a refinancing process was undertaken, but was unable to be concluded prior to the intended SSF expiry date and following consensual stakeholder discussions, the SSF was ultimately extended to 31 January 2022 (and subsequently extended to 13 April 2022), with the consent of the Group's existing SSF lender.
- At the same time, the Group's mezzanine debt, which was ultimately provided by the Group's largest equity holders (guaranteed by both Plc and ACL) was increased by \$30m and the mezzanine debt maturity date was extended to 31 July 2022.
- Plc had also issued PIK Notes (ranking behind the mezzanine debt) of c.\$491m (guaranteed by the wider Group) due 1 October 2022, which were listed on the Irish Stock Exchange (now delisted). The majority of these notes are held by holders of 1+ Lien debt.
- As part of the SSF extension, the Group agreed to commence a refinancing process and also to explore a sales process for the Group during FY21.

Alternative Sources of Funding Considered

- The Group had ongoing cashflow needs and was reliant on funding from its financial stakeholders in order to bridge the non-receipt of material customer receipts (due to other Group entities, but which would provide working capital for the whole Group including ACL and Plc), which remained outstanding at the time of the Administrations.
- During the course of 2021, in order to provide further working capital funding to the Group, various amortisation payments due from Plc (and guaranteed by the Group) were deferred with SSF consent. Additionally, certain mezzanine lenders provided factoring arrangements to enhance Group liquidity as bridge funding, following the non-receipt of material customer balances due.
- During 2021, the Group ran a process to refinance the SSF facility and to extend this to provide additional liquidity, but this process was ultimately unsuccessful.
- Indicative soundings in Q3 2021 in respect of potential offers to acquire the business, found that values were unlikely to be in excess of Group secured debt. Consequently with the support of the Secured Creditors, a full M&A process was not launched.
- Given that substantially all of the Group's assets were subject to security in favour of the Group's Secured Creditors, it would not have been viable to secure additional third-party funding from an alternative stakeholder.
- Where possible, the Group sought to work with its other stakeholders to provide additional time to pay liabilities in order to bridge the Group's working capital shortfall, but it was not possible for these stakeholders to provide material funding to the Group.
- The only source of additional funding for the Group therefore, in the absence of material customer receipts, was the Group's existing financial stakeholders.

Alternative options considered

Absent support from its financial stakeholders the Group was unable implement alternative approaches. Financing to the business was conditional on right-sizing the Group's balance sheet and dealing with historic liabilities.

Alternative Options

- Given the financial difficulties facing the Group and its guarantee and borrowing liabilities to the Secured Creditors, absent additional funding, the Group was unlikely to be able to avoid uncontrolled insolvency given both the working capital issues and the impending maturity of the Group's financing facilities.
- We set out below the options that were available to the Companies, taking into consideration funding available and the specifics of the situation.

Do Nothing / Insolvent Liquidation

- Absent additional funding, the Companies would likely have entered insolvency when the SSF fell due. Given the reliance on intra-group funding, this would likely have resulted in the insolvency of the Group as a whole.
- For Plc, this would have resulted in a loss of value in its key assets (subsidiaries and customer contracts). For ACL it would likely have been unable to sell its key assets (certain licenses and contractual entitlements) as there would have been a material risk of these terminating in the event of uncontrolled insolvency. The position for all classes of creditor would therefore have been worse than in an orderly administration sale.

Solvent Sale

- No offers were received in the earlier sale process that would have resulted in the Group's debt being fully repaid (and Secured Creditors were not willing to accept lower), nor was any funding or time available, taking into consideration the impending maturity deadline and working capital issues, to run a full sales process.
- Therefore it was apparent that an insolvency process would likely be required in order to realise the Companies' assets for its creditors.

Consensual Restructuring or Other Cram Down Options

- There was insufficient certainty that all key stakeholders would agree to a consensual restructuring to make this viable. A restructuring plan was felt to take too long to address the Group's immediate liquidity issues, with the timeline risking Group stability.

Consideration of AMA Process

- Customer receipts continued to be delayed and Secured Creditors were unwilling to fund the Group to conduct an accelerated sale process ("AMA") due to the material likelihood that this would be detrimental to the value of the business of the Group.
- Given the Secured Creditors' security over the Group's assets it was not possible to run an AMA process without their consent, and in any case bids would be unlikely to repay the secured debt in full. Moreover, absent funding, an AMA process could not proceed.
- An AMA was also considered likely to worsen the outcome for creditors as a whole by risking existing contracts and receivables due to the Group. Without support from its stakeholders, the Group had insufficient funding to conduct an AMA process.

Sale During Administration

- It was considered unlikely that a sales process could be run in administration given the considerable likelihood that operating licenses and insurance coverage would terminate, resulting in loss of customers and value attributable to all assets.
- Further, absent funding/lender support, a post-administration sale was not deliverable.

Pre-packaged Sale by Administrators and Financial Restructuring

- The Group's Secured Creditors were supportive of the Group and wished to avoid a liquidation scenario, which would have been the worst outcome for creditors as a whole. Certain of the Secured Creditors therefore proposed to provide additional funding for the Group in exchange for the majority of the equity in the Group.
- Accordingly, support was sought from the Group's wider pool of stakeholders to provide support for a financial restructuring of the business, to protect Group creditors as a whole, by ensuring the majority of the Group continued as a going concern.
- In order to minimise execution risk and deliver the transaction as soon as possible, it was necessary for the transaction to be implemented through pre-packaged sales of the assets of Plc and ACL. This nonetheless resulted in better value for all creditors of these entities, than the alternative of an uncontrolled liquidation.

Our prior involvement with the Group

FTI was initially engaged by the wider Group in December 2020 to assist with the Group's refinancing process. FTI subsequently advised the Group on potential restructuring options and contingency planning. We were appointed as joint administrators of Plc and ACL on 13 April 2022.

Joint Administrators' Role Prior to Appointment

- Prior to an appointment, an administrator may act as an advisor to a company, its secured creditor(s) or other stakeholders. Services can include supporting a company's efforts to find a buyer for its business and assets, but do not include advising the directors, who typically receive independent legal advice on their personal responsibilities. Similarly, advice would not be given to any potential purchaser.
- In all cases and prior to accepting any appointment, administrators must review any significant relationships with the company and its stakeholders to assess whether they can meet the ethical standards expected of them.
- In a pre-pack situation, an administrator completes a sale immediately (or shortly after) the appointment, potentially having earlier acted in an advisory capacity in relation to the transaction. In considering whether to complete the transaction, administrators must bear in mind their duties to a company's creditors as a whole.

Source of Our Initial Introduction

- David Morris (a fellow partner at FTI Consulting LLP) was introduced to the Board of Plc by Milbank LLP, legal advisors to the Group. Matthew Callaghan first met with management and the Board on 22 December 2020 as part of the Group's competitive pitch process to hire a Financial Advisor to assist with SSF extension discussions.
- FTI was subsequently engaged by Plc as Financial Advisor to the Group on 30 December 2020, to provide advice on liquidity, SSF refinancing and contingency planning, as well as providing support in the negotiations with financial stakeholders.

Extent of Our Prior Involvement

- Following our initial work, under an addendum to our engagement letter dated 30 January 2021, we undertook additional work to review certain Group contracts in the context of the refinancing of the Group's SSF.
- On 17 June 2021, under an engagement letter with Milbank LLP in its capacity as legal counsel to the Group, FTI Financial Services Limited, provided advisory services in relation to potential restructuring options in order to address the over-indebtedness of the Group.
- The work included provision of advice and liaison with financial stakeholders in relation to additional financing provided to the Group during the course of 2021.
- Following a worsening of the Group's working capital position due to the continued non-receipt of a material customer balance, on 7 January 2022, FTI Financial Services Limited was engaged directly by Plc to provide advice on liquidity and contingency planning, as well as providing support in the negotiations with financial stakeholders. Having previously verbally informed the directors and purchasers of our duties/role in the pre-administration period, this was confirmed via correspondence sent on 24 February 2022.
- On 13 April 2022, Matthew Callaghan, Lisa Rickelton and Ali Khaki were appointed as joint administrators of Plc and ACL.
- At all times, including prior to appointment over any entities, the Joint Administrators of the Companies have acted in accordance with the Insolvency Code of Ethics. They are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>
- We can confirm that we have not identified any threats to the ethical fundamental principles in respect of this case.

Marketing of the Group's business and assets

An abortive sale process was undertaken in 2020 and indicative market soundings were taken from previously interested parties in Q3 2021. Both of these processes confirmed the value of the Group did not exceed the debt owed to the Secured Creditors.

Attempted Sale of the Group, FY20

- An investment bank ("IB Advisor") was instructed by the Group, with the support of its financial stakeholders, to run an M&A process for the Group in 2020.
- As Plc was formally AIM listed, it continued to be subject to the UK Takeover Code, which meant that the process was run as a private sale process, rather than a Formal Sales Process (under the takeover code).
- This meant that only a limited number of parties were formally able to engage with the sales process (as opposed to a wider "broadcast" sales process).
- Additionally, as the Group is highly regulated and engaged with a number of stakeholders who would have been sensitive to an open and public sales process, it was considered to be appropriate for a discreet targeted sales process to be undertaken.
- Nevertheless, the marketing process included a strong field of potential purchasers who were principally likely to be trade buyers, given the complexity and specialist nature of the Companies operations.
- Further, in respect of testing market appetite amongst purely financial participants, the Group had also undertaken refinancing discussions with a number of parties since 2020, as described above, which have resulted in the existing financial stakeholders continuing their support for the Group.
- During the course of the sales process, it became apparent that the indicative offers received were insufficient to repay the debt owed to the Secured Creditors.
- Further, no offers were received for piecemeal asset acquisitions.
- As a consequence, the Group's financial stakeholders declined to progress the sales process any further.

Market Testing, Q3 2021

- Under the terms of the Group's SSF extension in 2021, it was necessary for the Group to further test the market for a disposal of the Group as a whole.
- After a selection process, a further IB Advisor was appointed to undertake this process.
- Given the buyer universe for the business remained broadly unchanged since the FY20 process, a preliminary period of gathering market intelligence was undertaken, prior to consideration of whether to incur the costs of a full M&A process.
- This intelligence gathering indicatively suggested that the amount of any bid would be unlikely to exceed the debt owed to the Secured Creditors. As a consequence, a full M&A process was not supported by the Secured Creditors.

Consideration of AMA Process

- As set out above, following delays in receipt of material customer payments, the Group's liquidity position worsened. Having determined, via the prior sales processes, that an orderly M&A process was not (at the time of consideration) likely to result in repayment of the Group's debt, financial stakeholders were reluctant to engage in an AMA process which was unlikely to generate best value for creditors and which risked damaging the Group as a whole, through negative publicity for the Group.
- Given the Secured Creditors' security over the Group's assets, it was also not possible to conduct an AMA process without their consent, or without the funding required.
- As such, no further market testing took place immediately before the sale of the Group. However, an independent valuation of the assets of the Group (and Plc / ACL) was undertaken, as set out overleaf.

Valuation of the assets

Pursuant to the terms of the Group’s financing arrangements, the Group’s security trustee sought an independent valuation and fairness opinion that the transaction maximised the value realised in the circumstances. The Administrators also considered the value achievable in the circumstances and were granted reliance on the independent valuation.

Details of Valuers

- A valuation was undertaken with a reference date of 31 December 2021 and issued on 13 April 2022 by a reputable firm of professional valuers, Grant Thornton UK LLP (“GT”), supported by technical consultants in the satellite space who are highly experienced in valuing sector specific assets such as spectrum rights, regulatory licenses or orbital “slots” (“the Report”).
- The work was undertaken on behalf of the Security Trustee (which holds the security for the benefit of the Secured Creditors) in order to provide an opinion that the proceeds of the sale were fair in the circumstances and maximised the value available for creditors from an enforcement, consistent with a prompt and expeditious realisation.
- The valuation analysis considered the Target Assets sold by each of Plc and ACL, with the assets of ACL valued in the context of a sale of all of the assets together (rather than piecemeal sales) in order that the Joint Administrators could consider these values in forming their own commercial views regarding the estimated realisable value of the Target Assets in the circumstances.
- The valuers have confirmed they have the necessary professional experience and qualifications (FCA, Cfq) to carry out the work, are independent of the Purchaser (including underlying financial stakeholders), the Joint Administrators and the Security Trustee, and carry adequate professional indemnity insurance.

Basis of Valuation

Plc

- GT have valued the Group on a cash free, debt free, going concern basis (“Enterprise Value”), including goodwill. This was considered appropriate as substantially all of the assets of the Group have been sold as part of the Transaction and the primary assets sold by Plc were shares in its subsidiaries (other than ACL) and related intercompany receivables.

- GT undertook valuation analysis based on two established valuation methodologies being:
 - Discounted Cash flow: A valuation method estimating the value of an investment based on future cash flows, based on management’s forecast business plan; and
 - Market Approach: This approach involves the use of trading multiples derived from comparable companies, for which GT have used Guideline Public Company (GPC) multiples.
- These valuation approaches used a combination of the Group’s historical results and latest forecasts, and the concluded Enterprise Value represents the average of income and market approaches, and reflects the current distressed disposal context.
- Based on these metrics GT produced an estimated enterprise range, which was then subject to additional adjustments to reflect other matters relevant in the circumstances such as creditor stretch, factoring, lease break-up and restructuring costs; and further adjustments to reflect that certain liabilities will not transfer to the Purchaser.
- Taking these factors into account, GT valued the Target Assets at \$128m to \$161m. This includes the value of the ACL Target Assets owned by ACL, more detail on which is set out separately overleaf.
- The valuation is significantly lower than the Group’s obligations to the Secured Creditors. This suggests that there is a significant shortfall to the Company’s creditors and therefore no value to the Company’s shareholders.

Valuation of the assets

Pursuant to the terms of the Group's financing arrangements, the Group's security trustee sought an independent valuation and fairness opinion that the transaction maximised the value realised in the circumstances. The Administrators also considered the value achievable in the circumstances and were granted reliance on the independent valuation.

Basis of Valuation (continued...)

ACL

- The Target Assets of ACL were valued in the context of a sale of all of the assets that owned by ACL (rather than piecemeal sales).
- The assets sold by ACL that were individually valued by GT comprise those assets that are most material and which are considered to be subject to fixed charge security:
 - Satellite asset: Value has been assessed on a value in use methodology, which estimates the value of an asset by calculating an NPV of cash flows under a specific use, payload only mission hosted on the ESRS-C satellite. The asset is valued at \$3.5m to \$3.7m.
 - Ground station and network assets: Given a lack of transferability for both of these asset types, GT have relied upon the Group assessment of NBV for these assets which equates to c\$3m.
 - Orbital slots: These have been compared to available market acquisition benchmarks. Particular value has been placed on the slot used for Group operations. Based on these benchmarks, the value assessed is \$20m to \$50m (with the directors of ACL considering these to have a fair market value of \$35m).
 - Other licenses: GT do not consider there is separable value to other licenses required to conduct Avanti's business as these are not transferrable to third parties. Therefore, the value assessed is \$nil.
- The realisable value of floating charge assets derives from commercial negotiations between the Joint Administrators and the Purchaser and is based on the Joint Administrators' commercial judgement in respect of these assets, based on previous disposal processes, the contractual terms of such assets and the operational importance of these assets to the acquirer.

Details of the transaction

The Purchaser acquired the business and assets of Plc and ACL in a pre-packaged transaction on 13 April 2022. The assets sold and consideration are set out in more detail below and overleaf.

Disclosure Requirement	Details
■ The date of the transaction(s)	■ 13 April 2022
■ The identity of the Purchaser(s)	■ The Target Assets were ultimately acquired by Plate Bidco 4 Limited (following intermediate steps through which assets were acquired by other Group entities at the behest of the Purchaser). The Purchaser is incorporated in the UK, registered company 13965226, whose registered office is at Suite 1, 3rd Floor 11 - 12 St James's Square, London, United Kingdom, SW1Y 4LB. The ultimate owners of Plate Bidco 4 Limited comprise Secured Creditors who consented to the restructuring of the Group's debt and/or provided new funding for the Purchaser, principally comprising existing providers of the SSF and mezzanine facilities.
■ The consideration for the transaction(s), terms of payment and any condition of the contract that could materially affect the consideration	<p>■ The consideration for the sale of assets by Plc and ACL was \$190.0m comprised the following elements:</p> <ul style="list-style-type: none"> — Cash consideration of \$7,324,196 to pay certain enforcement costs and expenses of the secured creditors which are reimbursable by the Group and are first ranking out of the proceeds of enforcement under Group's intercreditor arrangements. — Novation of Plc's SSF to the Purchaser's immediate parent and resulting release of PLC from secured claims totalling \$165,347,524 i.e., a distribution of 100c/\$ to these creditors. Guarantee claims against ACL in respect of the SSF were also released in full. — Full discharge (on a cashless basis) of PLC's bridge funding obligations through subscription by the relevant lenders for instruments with an equivalent value issued by a holding company of the Purchaser and payment of the proceeds to PLC, reducing Plc's secured creditors by \$13,632,252 i.e., a distribution of 100c/\$ to these creditors. This also reduces equivalent guarantee claims against ACL. — Cash consideration of \$792,000 to Plc in order to pay a full (£600k) Prescribed Part dividend to unsecured creditors. — Cash consideration of \$975,000 in respect of certain floating charge assets of ACL. — Cash consideration of \$1,950,000 to meet the anticipated costs of the administrations. <p>■ Additionally, whilst these did not form part of the transaction consideration, there are other interlinked elements of the transaction that ultimately benefit the creditors of the Companies as follows:</p> <ul style="list-style-type: none"> — Certain obligations of Plc to repurchase factored receivables have been disapplied. — Certain restructuring relating costs were funded by the Purchaser or its affiliates. — A limited recourse funding facility has been committed to ensure that sufficient funding is available to the Joint Administrators to pay anticipated preferential claims against ACL in full, and to provide sufficient funding to make a Prescribed Part payment of £600k, in the event that certain conditions are met (as discussed in more detail overleaf). This facility also includes additional funding to meet other costs incurred by the Joint Administrators, including those incurred in seeking court directions as to the nature of the security over certain assets sold by ACL.

Details of the transaction

The Purchaser acquired the business and assets of Plc and ACL in a pre-packaged transaction on 13 April 2022. The assets sold and consideration are set out in more detail below and overleaf.

Disclosure Requirement Details

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| <p>■ Details of the assets involved and the nature of the transaction(s)</p> | <p>■ In order to ensure business continuity, certain assets were first acquired by Group entities transferring to the Purchaser, prior to the shares in these and other entities (and related intercompany balances) being acquired by the Purchaser. The assets that were ultimately acquired, directly or indirectly, by the Purchaser are set out below:</p> <p>Plc</p> <p><i>Fixed charge assets</i></p> <ul style="list-style-type: none"> — Shares in all immediate subsidiaries of Plc (except ACL) which consequently includes shares in all subsidiaries of the Group: \$18 <p>Plc</p> <p><i>Floating charge assets</i></p> <ul style="list-style-type: none"> — Intellectual property \$1 — Customer contracts (including accrued income): \$4,257,193 — Coordination agreement \$1 — Supply contracts (including prepayments): \$393,583 — Business receivables: \$481,534 — Business claims \$1 — Seller's records \$1 — Goodwill \$1 — Leased assets \$1 — Impaired inter-company receivables \$4 — Inter-company receivables \$142,319,741 — Inter-company receivables from non-guarantor entities \$36,012 <p>■ The above sales ultimately resulted in fixed and floating charge distributions of \$18 and \$144,941,374 respectively.</p> |
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Details of the transaction

The Purchaser acquired the business and assets of Plc and ACL in a pre-packaged transaction on 13 April 2022]. The assets sold and consideration are set out in more detail below and overleaf.

Disclosure Requirement

Details

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| <ul style="list-style-type: none"> ■ Details of the assets involved and the nature of the transaction(s) | <ul style="list-style-type: none"> ■ In order to ensure business continuity, certain assets were acquired by entities transferring to the Purchaser, on the instruction of the Purchaser, prior to these entities being sold to the Purchaser. The assets that were ultimately acquired by the Purchaser are set out below:
ACL
<i>Fixed charge assets¹</i> <ul style="list-style-type: none"> — Satellite, network and ground station related assets \$6,557,479 — Inter-company receivable owed by AH2L relating to pre-administration transfer of orbital slots and ground station licenses \$35,000,100 <i>Floating charge assets</i> <ul style="list-style-type: none"> — Other tangible assets (fixtures, fittings and equipment) \$76,670 — Customer contracts (including accrued income): \$62,820 — Supply contracts (including prepayments): \$558,401 — Business receivables: \$277,104 — Business claims \$1 — Seller's records \$1 — Goodwill \$1 — Leased assets \$2 ■ The above sales ultimately resulted in a fixed charge distribution of \$41,362,579¹. Cash of \$195,000 from fixed charge realisations remains in a fixed charge bank account to defray the costs of the ACL administration. ■ Fixed and floating charge proceeds will, subject to creditor approval, be used to defray remaining fixed and floating charge costs of the Administration, before being made available for distribution to creditors. Additionally, non-recourse funding has been provided to meet the costs of the court application in respect of the determination hearing, which will be held in the administration bank accounts. |
| <ul style="list-style-type: none"> ■ Whether any directors had given guarantees for amounts due from the Company to a prior financier and whether that financier is financing the new business | <ul style="list-style-type: none"> ■ None known |

[1] In the event that the determination hearing recharacterizes the fixed charge assets sold as floating, any additional funding provided to pay preferential and prescribed part dividends, will be credited against fixed charge distributions. The balance of fixed charge distributions will be recharacterized as floating charge distributions.

Details of the transaction

The Purchaser acquired the business and assets of Plc and ACL in a pre-packaged transaction on 13 April 2022. The assets sold and consideration are set out in more detail below and overleaf.

Disclosure Requirement	Details
<ul style="list-style-type: none"> Any options, buy-back agreements, deferred consideration or other conditions attached to the transaction(s) 	<p><i>Background: Transfer of ACL assets, pre-administration</i></p> <ul style="list-style-type: none"> Prior to the Appointment Date in order to maintain operational and regulatory continuity at the Appointment Date (following the administrations of ACL and Plc), certain licensing assets (comprising orbital slots and licenses) were sold by ACL to AH2L, an entity within the Avanti Group. These licensing assets were considered by the Secured Creditors, based on legal advice, to be subject to fixed charge security. The licensing assets were sold in exchange for a receivable from AH2L, for the fair market value of the assets transferred, with the receivable being subject to specific Fixed Charge security in favour of the Secured Creditors. It was agreed by the prospective administrators, the lead Secured Creditors and the directors, that following the appointment of the administrators, directions would be sought from the court regarding whether the licensing assets sold were subject to fixed or floating charge security. As the transaction took place in the period before ACL's anticipated insolvency, in order to protect non-fixed charge creditors of ACL, a parallel contingent receivable was granted by AH2L to ACL, the value of which was capped at the minimum of the fair market value of the licensing assets transferred, and the value of claims from preferential creditors at ACL, plus the value of any implied Prescribed Part (capped at £600k). In the event that following the determination hearing the assets are held to be subject to fixed charge security, the value of the second receivable is nil. <p><i>Treatment of receivables by ACL administrators</i></p> <ul style="list-style-type: none"> The first receivable has been acquired by the Purchaser "subject to debt" for no cash consideration (as the value of assets breaks in the secured debt) i.e. it is the consideration comes from the Purchaser's agreement to assume c\$35m of Plc's liabilities in respect of the SSF. In effect, the acquisition price is then accounted for as immediate fixed charge distribution to Secured Creditors. The second (conditional) receivable has been released, on the basis that the Joint Administrators instead have the benefit of a specific funding line which can be used to make the relevant payments should the contingency described above arise. The terms of the funding line are described in more detail below. The Joint Administrators consider the funding line to be a more liquid (and therefore readily available) source of funds with which to make the relevant payments should the contingency arise than the original receivable, which was simply an intragroup claim. The Purchaser also required the release of the intragroup claim as a condition to completing the Transaction. In the event that the asset transfer was held to be in respect of floating charge assets, the administrators will claim against the funding facility and the acquisition price received in respect of the first receivable will be recharacterized as a floating charge receipt. The cash funding received will be credited against fixed charge distributions made to the Secured Creditors, and the balance of the fixed charge distribution recharacterized as a floating charge distribution. The cash will then be distributed to preferential and unsecured creditors in accordance with the statutory waterfall, as preferential and Prescribed Part dividends.

Details of the transaction

The Purchaser acquired the business and assets of Plc and ACL in a pre-packaged transaction on 13 April 2022. The assets sold and consideration are set out in more detail below and overleaf.

Disclosure Requirement Details

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- Details of any security taken by the administrator in respect of any deferred consideration. Where no such security has been taken, the administrator's reasons for this and the basis for the decision that none was required
 - The conditional funding amounts discussed above are not strictly "deferred consideration" as, subject to the relevant conditions being satisfied, the funding will be made available in the form of a (limited recourse) loan under the administration funding facility rather than an increase in the purchase price. Nevertheless, since they involve a further payment to the Joint Administrators following the occurrence of a specified event, we gave due consideration to the same questions as to the covenant strength of the funders and the availability or otherwise of security or other credit support.
 - As set out above, certain of the assets that have been sold by the Joint Administrators were sold on the basis that they were subject to fixed charge security under the terms of the debentures executed by ACL. However, it is possible as a matter of law, that this security should be treated as floating charge security (contrary to legal advice that Secured Creditor creditors have received). As such, we intend to apply for directions to the court for a determination as to whether the security interests over the assets in question were fixed or floating in nature.
 - We gave due consideration to whether an application could be made for such a determination following our appointment but before selling the relevant assets (and distributing the resulting proceeds). However, we concluded this would not be viable as it would not have been possible to hold the business together whilst an application was made.
 - A "trading" administration would not have been possible whilst the issue was considered, as administration would likely have led to the termination of regulatory licenses and the liquidation of the business. This would have been inconsistent with our duty as administrators to achieve best value for the company's creditors as a whole, including the preferential and unsecured creditors (who would stand to benefit from the proceeds of the relevant assets in circumstances where the security interests were floating), as a liquidation of ACL (the likely alternative to the transaction) would likely have resulted in significantly lower realisable values for the transferred assets.
 - Conversely, as noted above, we concluded that swift execution of the transaction was the best way to achieve maximum value for creditors, minimising business disruption and maximising recoverable value. Having realised maximum value as a primary objective, the application to court could then be made to determine how the proceeds should be allocated. The transaction has been completed, and the proceeds have been allocated by the Joint Administrators, on the basis that the relevant security interests were fixed in nature. This is because of the way in which the consideration for the transaction was structured, as explained above, and the likelihood that the security interests are fixed in nature.

Details of the transaction

The Purchaser acquired the business and assets of Plc and ACL in a pre-packaged transaction on 13 April 2022. The assets sold and consideration are set out in more detail below and overleaf.

Disclosure Requirement Details

Continued...

- However, in order to protect the interests of the preferential and unsecured creditors of ACL in the event that the court determines that the security interests were floating in nature, the Joint Administrators have secured the provision of a funding line under the administration funding facility that will allow them to make a cash payment to preferential and unsecured creditors of ACL in the amounts to which they would be entitled.
- The administration funding facility is provided by an affiliate of the purchaser, Plate Newco 2 Limited, which is an entity owned by certain of the Secured Creditors of ACL. The Joint Administrators explored whether Plate Newco 2 Limited's funding obligations could be subject to security in the Joint Administrators' favour over the transferred assets or otherwise backed by cash collateral or a letter of credit from a reputable financial institution.
- However, this was not commercially acceptable to the purchaser. Insistence by the Joint Administrators on this Day 1 credit support would have rendered the transaction undeliverable. However, the Joint Administrators have ensured that the funding arrangements contain a number of features which they consider to give adequate protection to the interests of the preferential and unsecured creditors as interested parties.
- The largest lenders to (and shareholders of) the purchaser group have provided a back-to-back funding facility to Plate Newco 2 Limited for the purposes of putting the company in funds to honour its obligations to the Joint Administrators. Despite not being party to the agreement, we have direct rights of recourse to those parties in circumstances where the funding line under the administration funding facility can be called.
- The lenders in question are entities of substance: funds and investment vehicles managed or advised by asset managers of international repute. We have sought, and received, evidence as to the net asset value of the relevant lender entities, in order to substantiate their ability to meet the obligations of the funding facility.
- We have also ensured that we are able to assign our rights against these entities to those parties who would be impacted by any non-payment under the facility.
- Additionally, we have secured various protections to ensure that these arrangements cannot be varied detrimentally without our consent.
- As such, we are satisfied that our rights, as Joint Administrators, under the funding agreement (and therefore the interests of unsecured and preferential creditors) have been adequately protected in the circumstances.

Details of the transaction

The Purchaser acquired the business and assets of Plc and ACL in a pre-packaged transaction on 13 April 2022. The assets sold and consideration are set out in more detail below and overleaf.

Disclosure Requirement Details

-
- | | |
|---|--|
| <ul style="list-style-type: none"> ■ If the sale is part of a wider transaction, a description of the other aspects of the transaction | <ul style="list-style-type: none"> ■ The providers of the Group's existing factoring lines, mezzanine loans and PIK Notes have been granted equity in the Purchaser to the extent they have consented to the transaction (with factoring providers also receiving new instruments issued by a parent to the Purchaser). ■ As part of the transaction, all guarantees and security over the transferring companies and assets for the benefit of the PIK notes were released by the Security Trustee, pursuant to the relevant release provisions of the Group's financing documentation following the Security Trustee's receipt of a valuation / fairness opinion from GT. Security has also been released over share collateral generally as it relates to the PIK notes ■ PIK noteholders have been released from all rights and obligations under the ICA ■ Additional equity in the Purchaser has been granted to the SSF provider, in exchange for the maturity extension of the SSF (and certain amendments and waivers) upon its assumption by an affiliate of the Purchaser. ■ Finally, additional equity in the Purchaser has been granted to the providers of additional, new money funding to the Purchaser (and ultimately the wider Group). |
|---|--|

Connected persons transactions

As certain members of the Group's critical operational management team will sit on the Board of the Purchaser, the disposal is considered to be to a connected party. An Evaluator has concluded the transaction is reasonable.

- The sale is considered to be a substantial disposal to a connected person as defined by SIP 16 and Paragraph 60(A)(3) Sch B1 IA86. The table opposite explains the relevant and known relationships.

Qualifying report

- A pre-pack sale to a connected person can only take place if they obtain a qualifying report on the proposed transaction from an independent person known as an evaluator. We can confirm that we have received a reports in this case and enclose a copies in the Appendix. There have been non-material changes to the information on which the report was based has changed, so it does not therefore fully align with the consideration and valuation information provided in this report, as a result of time elapsing between the date of the submission and the final transaction. Firstly, the overall value of consideration has increased as a result of increased debt accrual and restructuring costs incurred prior to closing. Secondly, these restructuring costs have resulted in an amendment to the valuation advice provided by Grant Thornton.
- We are satisfied that the report was made by a suitably qualified and experienced independent person who holds appropriate professional indemnity insurance and who is not excluded by the insolvency legislation from acting as an evaluator. We have reviewed the report and are satisfied that it contains the information required by the insolvency legislation, such that it is a qualifying report.
- As you can see from the report, the evaluator concluded that the consideration for the pre-pack sale and the grounds for the pre-pack sale are reasonable in the circumstances. Consequently, we proceeded with the pre-pack sale of the assets of the Company on the terms considered and reported on by the evaluator and set out above.

Viability statement

- Purchasers who are connected persons are also encouraged to, but are not required to, prepare a viability statement indicating how the business will survive for at least 12 months from the date of the purchase, and detailing what they will do differently from the Companies in Administration in order that the business will not fail. In this instance, while we indicated that to the Purchaser, our understanding is that a viability statement has not been prepared.

Disclosure requirement

- Connection between the purchaser and the directors, shareholders or secured creditors of the company or their associates.
- The names of any directors, or former directors (or their associates), of the company who are involved in the management, financing, or ownership of the purchasing entity, or of any other entity into which any of the assets are transferred.

Details

- The Group's majority of the Secured Creditors are the ultimate owners of the Purchaser having equitised a substantial element of their secured debt and (where relevant) in exchange for the provision of new money to the Group. Representatives of the two largest Secured Creditors (now equity holders) have been appointed to the Board of the ultimate holding company.
- The following existing board members of Plc have been appointed to the board of the ultimate purchaser (although not equity holders)
 - Kyle Whitehill
 - Alan Harper
 - Derek Smith
 - Steven Evans
- None of these parties own any equity in the Purchaser



Appendix: Recent Financial Information

Balance Sheet and Schedule of Registered Charges - Plc

Avanti Communications Group Plc

\$k	31-Mar-22
Investments in subsidiaries	24,800
Non-current assets	24,800
Cash	285
Contracts, debtors, and accrued income	1,023
VAT	899
Current assets	2,207
Trade creditors	(8,432)
Accruals and deferred income	(40,712)
Loans and borrowings	(618,331)
Liabilities	(667,475)
Share capital	(1,135,026)
Retained earnings/losses	683,385
Other reserves	449,733
Net loss for period	13,455
Capital and reserves	11,546
Intercompany trade balance	(409,613)
Intercompany loans*	1,038,535
Intercompany position	628,922
Total assets	655,929
Total liabilities	(655,929)

Source: Management Information

*The Intercompany Loan is made up of three balances:

- A payable amount of \$140m in respect of on-loan mezzanine financing to Plc from a subsidiary financing company;
- A receivable amount of \$626m relative to borrowings made by Plc, following lent onwards to a subsidiary company;
- A separate receivable amount relative to interest and amortisations on unsecured intercompany loans worth \$553m;

Details of registered charges

Charges listed at Companies House:

Date created	Nature of security	Charge code
03-Oct-13	Debenture	0613 3927 0006
26-Jan-17	Debenture	0613 3927 0007
23-Mar-17	Pledge agreement relative to Avanti Communications Sweden AB shares	0613 3927 0008
16-Mar-17	Negative share pledge over Avanti Communications Germany GmbH	0613 3927 0009
19-Jun-18	Negative share pledge over Avanti Communications Germany GmbH	0613 3927 0010
20-Nov-18	Supplemental deed relative to debenture dated 26-Jan-17	0613 3927 0011
20-Nov-18	Negative share pledge over Avanti Communications Germany GmbH	0613 3927 0012
24-May-19	Supplemental deed relative to debenture dated 26-Jan-17	0613 3927 0013
24-May-19	Security interest agreement re Avanti Communications Jersey Ltd	0613 3927 0014
24-May-19	Negative share pledge over Avanti Communications Germany GmbH	0613 3927 0015
20-Nov-19	Supplemental security interest agreement re Avanti Communications Jersey Ltd	0613 3927 0016
20-Nov-19	Supplemental deed relative to debenture dated 26-Jan-17	0613 3927 0017
08-Jan-20	Blocked account security agreement	0613 3927 0018
29-Apr-20	Supplemental deed relative to debenture dated 26-Jan-17	0613 3927 0019
29-Apr-20	2nd supplemental security interest agreement re Avanti Communications Jersey Ltd	0613 3927 0020
29-Apr-20	Confirmation of security relative to share pledge of Avanti Sweden AB shares	0613 3927 0021
10-Jun-20	Negative share pledge over Avanti Communications Germany GmbH	0613 3927 0022
08-Jan-21	3rd supplemental security interest agreement re Avanti Communications Jersey Ltd	0613 3927 0023
08-Jan-21	Supplemental deed relative to debenture dated 26-Jan-17	0613 3927 0024
18-Jan-21	Negative share pledge over Avanti Communications Germany GmbH	0613 3927 0025
15-Feb-21	4th supplemental security interest agreement re Avanti Communications Jersey Ltd	0613 3927 0026
15-Feb-21	Supplemental deed relative to debenture dated 26-Jan-17	0613 3927 0027
26-Feb-21	Negative share pledge over Avanti Communications Germany GmbH	0613 3927 0028

Balance Sheet and Schedule of Registered Charges - ACL

Avanti Communications Limited	
\$k	31-Mar-22
Satellite and ground station assets	77,789
Spectrum rights	0
Intangible assets	569
Other non-current assets	9,057
Non-current assets	87,414
Cash	100
Debtors / accrued Income*	1,835
Prepayments	620
VAT	133
Current Assets	2,688
Trade creditors	(35,066)
Lease creditors	(12,390)
PAYE and NIC payable	(11,422)
Accruals	(2,697)
Other creditors	(177)
Current Liabilities	(61,751)
Share capital	(1,008)
Retained losses/(gains)	29,327
Other reserves	10,683
Net loss/(gain) for period	9,739
Capital and reserves	48,740
Intercompany position	(77,091)
Total assets	90,102
Total liabilities	(90,102)

Details of registered charges

Charges listed at Companies House:

Date created	Nature of security	Charge code
03-Oct-13	Debenture	0310 1607 0005
26-Jan-17	Debenture	0310 1607 0006
20-Nov-18	Supplemental deed relative to debenture dated 26-Jan-17	0310 1607 0008
24-May-19	Supplemental deed relative to debenture dated 26-Jan-17	0310 1607 0009
20-Nov-19	Supplemental deed relative to debenture dated 26-Jan-17	0310 1607 0010
29-Apr-20	Supplemental deed relative to debenture dated 26-Jan-17	0310 1607 0011
08-Jan-21	Supplemental deed relative to debenture dated 26-Jan-17	0310 1607 0012
15-Feb-21	Supplemental deed relative to debenture dated 26-Jan-17	0310 1607 0013
02-Feb-22	Supplemental deed relative to debenture dated 26-Jan-17	0310 1607 0014
16-Feb-22	Supplemental deed relative to debenture dated 26-Jan-17	0310 1607 0015
16-Feb-22	Fixed charge over receivables	0310 1607 0016

Source: Management Information

*The Debtors / accrued income account includes \$1m+ in unrealised forex on creditors.

Trading Performance - Plc and ACL

Avanti Communications Group Plc			
\$k	FY19	FY20	FY21
Bandwidth income	8,146	17,583	11,000
BIU income	17,000	0	0
Total revenue	25,146	17,583	11,000
Bandwidth cost of sales	(25,011)	(17,025)	(10,629)
Service delivery costs	0	(8)	0
Doubtful debt provisions	0	0	(5,300)
Cost of sales	(25,011)	(17,033)	(15,929)
Gross profit	135	550	(4,929)
Staff costs	(68)	0	0
Other operating costs & recharges	(3,614)	(3,446)	(3,345)
Operating Expenditure	(3,682)	(3,446)	(3,345)
EBITDA	(3,547)	(2,896)	(8,274)
Intercompany provisions	(128,000)	256,300	0
Foreign exchange gain/(loss)	(1,063)	1,633	(1,041)
Provisions and forex gain/(loss)	(129,063)	257,933	(1,041)
EBIT	(132,611)	255,037	(9,316)
Financial income	46,764	45,949	44,628
Financial expenditure	(62,595)	(69,020)	(80,281)
Financial gain/(loss)	(15,831)	(23,071)	(35,653)
Tax expenditure	2,907	0	0
Total tax expenditure	2,907	0	0
Gain/(loss) for period	(145,534)	231,967	(44,969)

Avanti Communications Limited			
\$k	FY19	FY20	FY21
Bandwidth income	2,545	1,264	1,510
Edu-Care project income	4,264	3,083	0
Total revenue	6,810	4,346	1,510
Bandwidth cost of sales	(1,991)	(2,325)	(2,011)
Service delivery costs	0	9	(13,300)
Edu-Care project direct costs	(4,768)	(2,989)	(550)
Doubtful debt provisions	0	14	(5)
Cost of sales	(6,758)	(5,291)	(15,866)
Gross profit	51	(945)	(14,356)
Staff costs	(11,529)	(12,640)	(8,472)
Other operating costs & recharges	10,337	12,819	11,117
Operating expenditure	(1,193)	179	2,645
EBITDA	(1,142)	(766)	(11,711)
Satellite depreciation	(56)	(4,573)	(4,847)
Other depreciation and amortisation	(1,544)	(1,679)	(1,715)
Depreciation and amortisation	(1,601)	(6,252)	(6,563)
Foreign exchange gain/(loss)	1,383	(1,921)	1,670
Forex gain/(loss)	1,383	(1,921)	1,670
EBIT	(1,360)	(8,939)	(16,604)
Financial income	0	0	0
Financial expenditure	(675)	(833)	(1,017)
Financial gain/(loss)	(675)	(833)	(1,017)
Tax expenditure	(2,696)	0	0
Total tax expenditure	(2,696)	0	0
Gain/(loss) for period	(4,730)	(9,772)	(17,621)

Trading Performance – March Management Accounts, Plc and ACL

Avanti Communications Group Plc

\$k	31-Mar-22
Revenue	3,000
Cost of sales	(62)
Gross profit	2,938
Other direct client costs	(8)
Professional costs	(1,937)
Fines and penalties	(4)
Operating Expenditure	(1,948)
EBITDA	990
Foreign exchange gain/(loss)	(652)
Forex gain/(loss)	(652)
EBIT	338
Financial expenditure	(25,340)
Intercompany financial income	11,548
Financial gain/(loss)	(13,792)
Gain/(loss) for period	(13,455)

Avanti Communications Limited

\$k	31-Mar-22
Revenue	147
Cost of sales	(1,785)
Gross profit	(1,638)
Leases and business rates	(261)
Staff costs	(6,164)
IT costs	(178)
Administrative costs	(26)
Sales & marketing	(72)
Travel	(3)
Other direct client costs	(9)
Professional costs	(96)
Operating expenditure	(6,809)
EBITDA	(8,447)
Depreciation	(545)
Depreciation	(545)
Foreign exchange gain/(loss)	(349)
Intercompany foreign exchange gain/(loss)	(24)
Forex gain/(loss)	(373)
EBIT	(9,365)
Financial income	3
Financial expenditure	(377)
Financial gain/(loss)	(373)
Tax	(0)
Tax	(0)
Gain/(loss) for period	(9,739)



Appendix: Evaluator reports

Evaluators Report on proposed pre-packaged sale involving Avanti Communications Group PLC and Kyle David Whitehill Plate Bidco 4 Limited, pursuant to the Administration (Restriction on Disposal to Connected Parties Regulations 2021 (the Regulations)).

Background.

1. The business and / or assets of Avanti Communications Group PLC are the subject of a substantial disposal pursuant to regulation 3 of the Regulations) to Plate Bidco 4 Limited.
2. The Applicant is a connected party to Avanti Communications Group PLC as defined in paragraph 60A(3) of Schedule B1 of the Insolvency Act 1986 in that it he / she is a director, shadow director or company officer of Avanti Communications Group PLC.
3. The relevant property subject to the substantial disposal is stated to be:

Fixed charge assets a) Shares in all immediate subsidiaries of Plc (except ACL) which consequently include shares in all subsidiaries of the Group Floating charge assets a) Intellectual property b) Customer contracts (including accrued income) c) Coordination agreement d) Supply contracts (including prepayments) e) Business receivables f) Business claims g) Seller's records h) Goodwill i) Leased assets j) Impaired inter-company receivables k) Inter-company receivables l) Inter-company receivables from non-guarantor entities

4. The consideration for this substantial disposal is stated to be:

a) Shares in all immediate subsidiaries of Plc (except ACL) which consequently include shares in all subsidiaries of the Group: \$10 b) Intellectual property \$1 c) Customer contracts (including accrued income): \$4,257,193 d) Coordination agreement \$1 e) Supply contracts (including prepayments): \$393,583 f) Business receivables: \$481,534 g) Business claims \$1 h) Seller's records \$1 i) Goodwill \$1 j) Leased assets \$1 k) Impaired inter-company receivables \$4 l) Inter-company receivables \$141,310,035 m) Inter-company receivables from non-guarantor entities \$36,012
5. In the absence of creditor approval of this substantial disposal, a connected party purchaser is required to obtain a qualifying report in accordance with section 6 of the Regulations, and this report has been commissioned for that purpose.

Qualifications of Evaluator.

1. I am satisfied that I am a qualified Evaluator within the meaning of regulation 10 of the Regulations. I possess the relevant knowledge and experience to provide this report, and I have been accepted as an approved Evaluator by Pre Pack Pool Ltd. Details of my personal and professional qualifications may be scrutinised at www.prepackpool.co.uk
2. I confirm that I satisfy the requirement for independence in relation to the substantial disposal as specified in regulation 12 of the Regulations. I have no personal, professional or other connection to any party connected to Avanti Communications Group PLC or Plate Bidco 4 Limited and no relationship, bias or ethical conflict exists which prevents me from evaluating this application solely on its merits. I am not excluded from acting as an Evaluator by reason of regulation 13 of the Regulations.
3. The proposed administrator, where appointed, has raised no objection to my suitability as an Evaluator.

Professional Indemnity Insurance.

For the purposes of this report, I am acting as an Agent of Pre Pack Pool Ltd (the company), and I am covered by the company's Professional Indemnity Insurance as required by regulation 11 of the Regulations. Details of this Professional Indemnity Insurance policy as required by regulation 7(c) of the Regulations are as follows:-

Insurer: Markel International Insurance Company Ltd, 20 Fenchurch Street, London EC3M 3AZ.

Insured: Pre Pack Pool Ltd.

Policy number: CC1088A21RAA

Risks covered: Miscellaneous Professional Indemnity Breach of Professional Duty

Cover £2,000,000.00

Exclusions from cover: GDPR Exclusion, Cyber Exclusion, COVID-19 Exclusion

Previous Evaluation Reports.

The Applicant has stated that no previous Evaluation Reports have been obtained in relation to this substantial disposal, and I have no reason to believe that this statement is incorrect.

Evaluator's Opinion.

In accordance with regulation 7 of the Regulations, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

Principal reasons for this opinion are as follows:-

1. The objectives of an administration and sale of the business and assets as a going concern are clearly made out versus an uncontrolled liquidation – principally the prescribed part realisations to unsecured creditors given the nature of the security in place and diminution on floating charge realisations. 2. Broader regulatory stakeholders have approved the appropriate components of the transaction and other group company creditors will be unaffected by this transaction vs liquidation. 3. Prior marketing of the group in 2020 and since then in 2021 further discreet marketing to potential acquirers has taken place. No offers emerged that would have repaid the groups indebtedness. 4. No offers have been received for parts of the business. 5. No offers to refinance the group were forthcoming and existing secured creditors continued to supply the group with liquidity by way of new money during attempts at disposal and refinance. Other sources of capital were explored and not available (HMRC, creditors). 6. Existing financial stakeholders represent the only practical and viable solution to avoid liquidation. 7. Consideration for the assets has been further tested by valuation by GT as at Dec-2021. The DCF and Market approach methodology for PLC assets (all group shares (except ACL)) on a cash free, debt free going concern basis using historical results and forecast is appropriate. The value range is USD119m-152m (inclusive of ACL). The consideration is USD 189m 8. The value range is significantly lower than the secured debt obligations. It is clear the value breaks well into the secured debt claims. 9. The security Trustee obtained a fairness opinion during the valuation benchmarking. 10. 94% of secured creditors support the proposed transaction and would be required to consent to the release of their security. Further 68% of financial stakeholders forming part of the existing equity base are supporting the transaction and providing new capital; 11. The Court are approached to make a determination on whether licensing assets are subject to fixed or floating security at ACL level. Regardless of ruling these assets have been independently valued by GT at a level limited to the value of preferential creditor claims and arrangements to the transaction agreed such this creditor constituent are not disadvantaged either way by any treatment on this asset class. 12. Unsecured creditors are receiving the prescribed part whereas most likely the analysis shows they would not recover anything in a liquidation outcome. 13. The applicant is not benefitting from this transaction. There appears to be no transactions at under value. No preference payments under the transaction from the information provided. 14. No conflicts of interest from proposed administrators are noted.

In forming my opinion I have relied upon the following information provided by the Applicant together with freely available information in the public domain:-

I have not carried out an audit of this information.

For the avoidance of doubt, I express no view on whether Plate Bidco 4 Limited is, or will in the future remain a going concern, neither do I express an opinion on any decision by the proposed administrator to enter into a pre-packaged sale. These are matters for the proposed administrator to determine.

Evaluator.

Fraser Pearce For and on behalf of Pre Pack Pool Ltd.

Date 08-04-2022

Pre Pack Pool Ltd Registered in England No: 9471155 VAT Registration No. 217 5236 20 Registered Office: 3 Greystones Road, Bearsted, Maidstone, Kent ME15 8P021

Evaluators Report on proposed pre-packaged sale involving Avanti Communications Limited and Kyle David Whitehill Plate Bidco 4 Limited, pursuant to the Administration (Restriction on Disposal to Connected Parties Regulations 2021 (the Regulations)).

Background.

1. The business and / or assets of Avanti Communications Limited are the subject of a substantial disposal pursuant to regulation 3 of the Regulations) to Plate Bidco 4 Limited.
2. The Applicant is a connected party to Avanti Communications Limited as defined in paragraph 60A(3) of Schedule B1 of the Insolvency Act 1986 in that it he / she is a director, shadow director or company officer of Avanti Communications Limited.
3. The relevant property subject to the substantial disposal is stated to be:

Fixed charge assets — Satellite, network and ground station related assets \$6,557,479 — Inter-company claim in relation to FMV for slots and ground-station licenses \$35,000,100 Floating charge assets — Other tangible assets (fixtures, fittings and equipment) \$76,670 — Customer contracts (including accrued income): \$62,820 — Supply contracts (including prepayments): \$558,401 — Business receivables: \$277,104 — Business claims \$1 — Seller's records \$1 — Goodwill \$1 — Leased assets \$2

4. The consideration for this substantial disposal is stated to be:

As stated above

5. In the absence of creditor approval of this substantial disposal, a connected party purchaser is required to obtain a qualifying report in accordance with section 6 of the Regulations, and this report has been commissioned for that purpose.

Qualifications of Evaluator.

1. I am satisfied that I am a qualified Evaluator within the meaning of regulation 10 of the Regulations. I possess the relevant knowledge and experience to provide this report, and I have been accepted as an approved Evaluator by Pre Pack Pool Ltd. Details of my personal and professional qualifications may be scrutinised at www.prepackpool.co.uk
2. I confirm that I satisfy the requirement for independence in relation to the substantial disposal as specified in regulation 12 of the Regulations. I have no personal, professional or other connection to any party connected to Avanti Communications Limited or Plate Bidco 4 Limited and no relationship, bias or ethical conflict exists which prevents me from evaluating this application solely on its merits. I am not excluded from acting as an Evaluator by reason of regulation 13 of the Regulations.
3. The proposed administrator, where appointed, has raised no objection to my suitability as an Evaluator.

Professional Indemnity Insurance.

For the purposes of this report, I am acting as an Agent of Pre Pack Pool Ltd (the company), and I am covered by the company's Professional Indemnity Insurance as required by regulation 11 of the Regulations. Details of this Professional Indemnity Insurance policy as required by regulation 7(c) of the Regulations are as follows:-

Insurer: Markel International Insurance Company Ltd, 20 Fenchurch Street, London EC3M 3AZ.

Insured: Pre Pack Pool Ltd.

Policy number: CC1088A21RAA

Risks covered: Miscellaneous Professional Indemnity Breach of Professional Duty

Cover £2,000,000.00

Exclusions from cover: GDPR Exclusion, Cyber Exclusion, COVID-19 Exclusion

Previous Evaluation Reports.

The Applicant has stated that no previous Evaluation Reports have been obtained in relation to this substantial disposal, and I have no reason to believe that this statement is incorrect.

Evaluator's Opinion.

In accordance with regulation 7 of the Regulations, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

Principal reasons for this opinion are as follows:-

The proposed administration and alternatives have been carefully considered by the purchaser, proposed administrator and secured lenders. The proposed administration will take place alongside that of Avanti Communications Group PLC ('PLC'). The proposed administration will provide for the continuation of the business as a growing concern which appears to be in the national interest given the significance of the companies and their subsidiaries in the UK space industry, for the preservation of jobs, and opportunities to contract with the successor business in future. It is clear that the proposed administrators have considered the interests of the creditors as a whole and acted to obtain the best possible value in the intended sale. I have read the report of Mr Fraser Pearce the evaluator of the proposals for PLC. I largely agree with his views and respectfully feel able to reproduce some of those here. 1. The advantages of an administration which will realise considerable value versus an uncontrolled liquidation which would realise very little are plain. 2. The administration will provide substantial returns to creditors under the prescribed part. 3. regulatory stakeholders have approved the appropriate components of the transaction and other group company creditors will be unaffected by this transaction which would not be the case in liquidation. 4. Prior marketing of the group in 2020 and since then, in 2021 further discreet marketing to potential acquirers has taken place. No offers emerged that would have repaid the groups indebtedness. No listing has been possible since a re-organisation in 2017. 5. No offers have been received for parts of the business. 6. No offers to refinance the group were forthcoming and existing secured creditors continued to supply the group with liquidity by way of new money during attempts at disposal and refinance. Other sources of capital were explored and not available. 7. Existing financial stakeholders represent the only practical and viable solution to avoid liquidation. They have provided substantial recent bridging finance to facilitate the administration. 8. The value range is significantly lower than the secured debt obligations. It is clear the value breaks well into the secured debt claims. 9. An application will be made to the High Court for a direction on whether certain of ACL's key assets are subject to fixed or floating security. HMRC or another party is likely to represent preferential or other unsecured creditors. Regardless of that outcome, the realisation of these assets will be more valuable in the proposed administration than could otherwise be obtained. 10. Unsecured creditors are receiving the prescribed part whereas most likely the analysis shows they would not recover anything in a liquidation outcome. 11. The lenders appear to be accepting reductions in debt of over \$500m. This support will assist the balance sheet of the business going forward, helping it to collect debt and bid for new business. 12. No conflicts of interest from proposed administrators are noted. 13. I express no view on whether the successor company Plate Bidco 4 Ltd is, or will in the future remain a going concern. The strengthening of finances referred to at 11 above may of course assist its future prospects.

In forming my opinion I have relied upon the following information provided by the Applicant together with freely available information in the public domain:-

"Project Plate" Application Document Avanti Communications Group PLC Final Presentation document dated

7-4-2022 Case reference 021985 application details telephone and / or email communications with Mr Pearce, Mr Callaghan a proposed administrator and his managing director Mr Nower. I have not carried out an audit of this information.

I have not carried out an audit of this information.

For the avoidance of doubt, I express no view on whether Plate Bidco 4 Limited is, or will in the future remain a going concern, neither do I express an opinion on any decision by the proposed administrator to enter into a pre-packaged sale. These are matters for the proposed administrator to determine.

Evaluator.

Mark Parkhouse For and on behalf of Pre Pack Pool Ltd.

Date 08-04-2022

Pre Pack Pool Ltd Registered in England No: 9471155 VAT Registration No. 217 5236 20 Registered Office: 3 Greystones Road, Bearsted,
Maidstone, Kent ME15 8P021

