

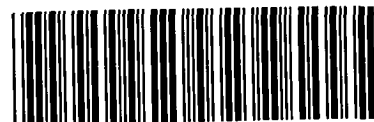
# CVA1

## Notice of voluntary arrangement taking effect



Companies House

THURSDAY



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31/12/2020

#182

COMPANIES HOUSE

### 1 Company details

Company number 0 5 3 9 2 5 5 2

Company name in full Severn Power Limited - in Administration

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Supervisor's name

Full forename(s) David John

Surname Pike

### 3 Supervisor's address

Building name/number c/o KPMG LLP

Street 15 Canada Square

Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country United Kingdom

### 4 Supervisor's name <sup>①</sup>

Full forename(s) James Robert

Surname Tucker

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

### 5 Supervisor's address <sup>②</sup>

Building name/number c/o KPMG LLP

Street 15 Canada Square

Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country United Kingdom

② Other supervisor  
Use this section to tell us about  
another supervisor.

# CVA1

Notice of voluntary arrangement taking effect

## 6 Date CVA took effect

Date 

d	2	d	9	m	1	m	2	y	2	y	0	y	2	y	0
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## 7 Report of consideration of proposal

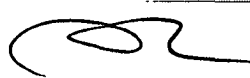
☒ I attach a copy of the report of consideration of the proposal

## 8 Sign and date

Supervisor's signature

Signature

X



X

Signature date

d	2	d	9	m	1	m	2	y	2	y	0	y	2	y	0
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# CVA1

## Notice of voluntary arrangement taking effect



### Presenter information

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

Contact name Rachel Cutts

Company name KPMG LLP

Address c/o KPMG Restructuring

31 Park Row

Post town Nottingham

County/Region

Postcode N G 1 6 F Q

Country United Kingdom

DX

Telephone 02030784001



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



### Important information

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



### Where to send

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

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



### Further information

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

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



Severn Power  
Limited and Sutton  
Bridge Power  
Generation

(each in  
administration)

and

each of their CVA  
Creditors

(as defined herein)

**Proposals For CVAs**

**7 December 2020**



CR-2020-003521

These Proposals of the Administrators  
are prepared in accordance with the  
provisions of Part 1 of the Insolvency  
Act 1986 and Part 1 of the Insolvency  
(England and Wales) Rules 2016

## Important notice from the Administrators

This document has been prepared by the Administrators of the Companies pursuant to Part 1 of the Insolvency Act 1986 solely to inform creditors and shareholders of the Companies of proposals for the CVAs. Nothing in this document should be relied upon for any other purpose, including in connection with any investment decision in relation to the debt, securities or any other financial interest of the Companies, including, for the avoidance of doubt, any decision to buy or sell or not to buy or sell any debt, securities or other financial interest. Any parties making such investment decisions should rely on their own enquiries prior to making such decisions.

**CVA Creditors and Shareholders should review this document in detail. The contents of this document are not to be construed as legal, business or tax advice. If you are in any doubt as to the action you should take in connection with the document, or the tax or other consequences of the CVAs for you, you should contact your legal, financial, tax or other professional advisers.**

Parts 1 (*Introduction*) to 2 (*Actions to be taken by the CVA Creditors and the Shareholders*) of this document set out a general description of the Proposals and provide a brief summary of the terms of the Proposals. The binding terms of the Proposals are set out in Part 3 (*Terms of the CVAs*).

It is possible that the CVAs may not be approved by the requisite majorities of creditors of the Companies. The Administrators make no representation or warranty and give no undertaking that the CVAs in the form described in this document will be implemented within the timescale outlined in this document or at all or that the proposed CVAs will not be amended, revoked or suspended.

Nothing in this document may be taken as an admission of any fact or matter relating to the Companies or relied upon in any litigation involving the Companies or constitutes any admission on the part of the Companies with respect to any asset to which the Companies may be entitled or with respect to any claim by or against the Companies.

This document contains certain statements and statistics that are or may be forward-looking. The accuracy and completeness of such statements is not warranted or guaranteed. These statements typically contain words such as "intends", "expects", "anticipates", "estimates" and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although the Administrators believe the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove correct.

Without limiting the generality of the immediately preceding paragraph, all statements contained in this document in relation to estimated outcomes for CVA Creditors, whether as a consequence of the Proposals being approved or otherwise, are illustrative only. As they are based on assumptions that necessarily involve a subjective analysis of the matters referred to in this document, they cannot be relied upon as guidance as to the actual outcomes for CVA Creditors.

Unless otherwise indicated, the statements contained in this document are made as at 7 December 2020, being the latest practicable time before publication, and reflect the circumstances and the information of which the Administrators were aware at that time.

The Administrators have considered the COVID-19 restrictions currently in place and the potential public health implications of holding a physical meeting of creditors, and have concluded that it is not reasonably practical or lawful to hold a physical meeting for as long as the current restrictions remain in place. Creditors are unlikely to attend such a meeting in person, and it is unlikely to be possible for the Administrators to hold a meeting safely or

without breaching legal requirements. Therefore the Administrators intend to seek a decision of the Creditors by way of a decision procedure in accordance with the Insolvency Rules, which in this case is to be via electronic voting, notwithstanding any request for a physical meeting pursuant to Section 246ZE(7) of the Insolvency Act. The Administrators will keep the position under review and in particular the effect of any changes to the COVID-19 restrictions that may allow a physical meeting to be lawfully held.

Gordon Brothers and Knight Frank have given and not withdrawn their written consent to the inclusion in this document of references to the advice that they have provided to the Administrators and references to their name in the form and context in which they appear herein. The work undertaken by Gordon Brothers and Knight Frank was performed on a high level, desktop basis.

The Administrators have not authorised any person to make any representations concerning the CVAs which are inconsistent with the statements contained herein, and if such representations are made, they may not be relied upon as having been so authorised.

The Administrators act at all times as agents of the Companies and none of the Administrators, their firm, their staff, their advisers or any agents employed by them shall incur any personal liability whatsoever.

**Date: 7 December 2020**

## Summary of the Proposals

*The following summary of the Proposals should be read as an introduction to this document only. Any decision on voting should be based on the consideration of this document as a whole and not just this summary. In the event that the contents of this summary section in any way conflict with the underlying terms of the CVAs at part 3 (Terms of the CVA), please note that the terms set out at part 3 (Terms of the CVA) shall prevail.*

The CVA Creditors and the Shareholders have been sent notices in relation to the proposed CVAs.

## Background to the Proposals

A full description of the background and recent history of the Companies is set out at paragraph 3 (*Background to and reasons for the Proposals*) of part 1 (*Introduction*).

## Objectives of the Proposals

The principal objective of the Proposals is to enable the Companies to exit from administration while ensuring a better outcome for Unsecured Creditors than would otherwise be obtained in a continued administration or liquidation of the Companies.

The key objectives of the Proposals are:

- To end the administrations of each of the Companies in a manner which achieves the primary purpose of the administrations, which is to enable each Company to be rescued as a viable going concern for the benefit of all stakeholders;
- To compromise the Companies' liabilities to the Compromised Creditors by way of Dividends from the Prescribed Part Equivalent Fund and, where applicable, the Enhanced Compromised Creditors' Fund.

To become effective, each CVA requires a majority in excess of 75% (seventy-five per cent.) in value of the CVA Creditors voting on the resolution to approve the CVA. However, the Proposals will not be approved if more than 50% (fifty per cent.) of the total value of those creditors whose claims have been admitted for voting purposes and who are considered by the convener to be unconnected with the relevant Company vote against it.

Each CVA also requires the approval of more than 50% (fifty per cent.) in value of the company's shareholders voting on the resolution to approve the CVA. However, in accordance with section 4A(2)(b) of the Insolvency Act, if the outcome of the shareholders' vote differs from the outcome of the company's creditors' vote, the decisions of the creditors will prevail, subject to the right of any shareholder to apply to the Court to challenge the approval of the CVA.

The CVAs, if approved on 24 December 2020, will become effective on their terms as soon as a report to the Court of the decision approving the CVA for each of the Companies has been made pursuant to section 4(6) of the Insolvency Act. However, the Proposals are interconditional and the CVAs may therefore only be implemented if both of them are approved unless the Administrators elect otherwise. This is because the object of the CVAs is to enable both of the Companies to exit administration, ensuring a single linked approach can be adopted for the Group as a whole.

The Administrators estimate that Dividends will be paid within approximately 12 months of the approval of the CVAs.

Subject to terms of these Proposals, the Compromised Creditors will receive Dividends consisting of an amount (i) from the Prescribed Part Equivalent Fund, which will be equal to

the estimated amount which would be payable to them if the Companies remained in administration; and (ii) if they are considered to be an Enhanced Compromised Creditor, from the Enhanced Compromised Creditors' Fund, which would not be available if the Companies were to remain in administration. Critical Creditors and Preferential Creditors shall be paid in full in accordance with the Proposals, the Insolvency Act and the Insolvency Rules.

The Companies' assets are charged to their secured lenders for loan amounts well in excess of their value and therefore, save for Prescribed Part Equivalent Fund and the Enhanced Compromised Creditors' Fund, the Companies' assets do not form part of the consideration that is to be provided to unsecured creditors pursuant to the Proposals. The Companies' secured lenders are not anticipated to receive any repayments at the same time as or pursuant to the Proposals. They are anticipated to continue to finance the Companies on successful implementation of the Proposals pending the realisation of their security. Their claims are not impacted by the Proposals.

Your vote on the Proposals is very important. Please take the time to consider the documents that have been sent to you and contact us if you have any queries on how to vote.

Note that only those liabilities arising out of or in connection with obligations of the Companies existing at the Decision Date will be considered to be a CVA Claim and only Allowed Claims will be allowed to vote on the Proposals.

Liabilities of the Companies arising out of or in connection with obligations that are incurred after the Decision Date are not CVA Liabilities and do not form part of the Proposals. Such liabilities shall be settled separately by the Companies in accordance with , and to the extent required by, the Insolvency Act and the Insolvency Rules.



## **Documents received & next steps**

### **Documents received**

You will have received a letter from the Administrators enclosing the following documentation:

- directions to the Insolvency Portal and the Voting Portal;
- unique login details for the Voting Portal; and
- directions to this document, being the Proposals of the Companies, including within its schedules, estimated outcome statements in respect of the Companies.

### **Next steps**

If you are a CVA Creditor of one or more of the Companies, please visit the Voting Portal via the link in your letter from the Administrators. Please use your unique login details to access the portal and submit your creditor claim and vote on the decisions. If you have any difficulty in accessing either the Insolvency Portal or the Voting Portal, logging your creditor claim or voting on the CVA, please contact us at [caloncva@kpmg.co.uk](mailto:caloncva@kpmg.co.uk)

### **Where to find help**

Further details of how to vote and how to make a claim for voting and Dividend purposes can be found on the Insolvency Portal via the following links:

Sutton Bridge Power Generation (in administration)

[www.kpmg.co.uk/caloncvaSBPG](http://www.kpmg.co.uk/caloncvaSBPG)

Severn Power Limited (in administration)

[www.kpmg.co.uk/caloncvaSPL](http://www.kpmg.co.uk/caloncvaSPL)

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## Key dates

### Key Dates and Expected timetable of key events for each company

Event	Date
Launch date	7 December 2020
Dispatch of CVA documents and login details for the Voting Portal	7 December 2020
Administrators to run Webex presentation explaining the Proposal to CVA Creditors.	15 December 2020
Latest date for voting on the creditors' decisions on the Voting Portal (up to 11.59pm)	24 December 2020
Date of the CVA Creditors' decision	24 December 2020
Anticipated Effective Date	29 December 2020
Anticipated date for Administrators to file a report with the Court under section 4(6) of the Insolvency Act	29 December 2020
End of the Challenge Period	26 January 2021
Earliest anticipated exit from administration	29 January 2021
Claims Date	31 August 2021
Payment of Dividends	31 October 2021
Anticipated termination of the CVA	31 December 2021

The dates given above are based on (a) the time in the United Kingdom and (b) the Administrators' current expectations and may be subject to change. If any of the expected dates change, adequate notice of the change will be given to the CVA Creditors.

## Part 1

### Introduction

#### 1. Definitions and interpretation

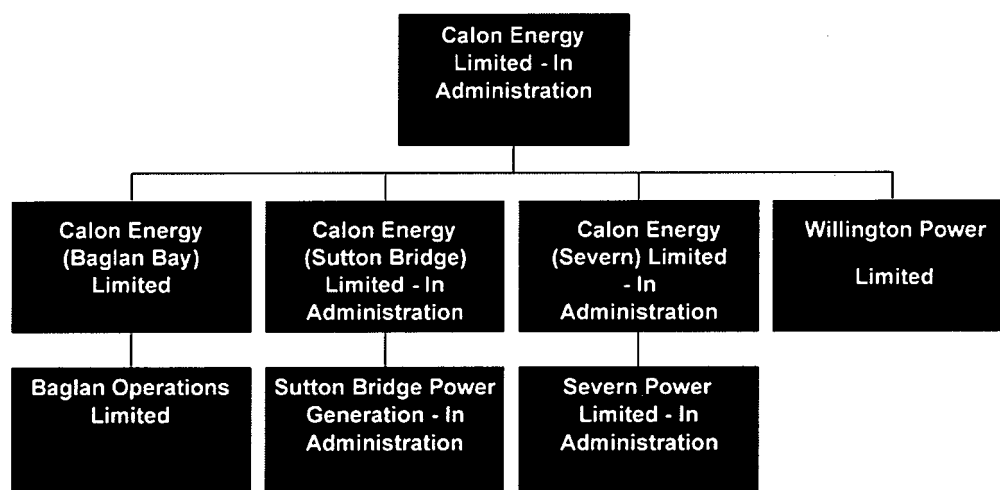
- 1.1 Expressions defined in schedule 1 (*Definitions and interpretations*) which are used throughout this document shall have the meanings specified in schedule 1 (*Definitions and interpretations*) unless the context otherwise requires and the provisions of schedule 1 (*Definitions and interpretations*) shall apply as if set out in full in this paragraph 1.1.
- 1.2 Parts 1 and 2 of this document set out a general description of the Proposals and provide a brief summary of the binding terms of the Proposals.
- 1.3 The binding terms of the Proposals are set out in part 3 (*Terms of the CVAs*).
- 1.4 Unless otherwise stated, references to:
  - (a) paragraphs are references to paragraphs in parts 1 (*Introduction*) to 3 (*Terms of the CVAs*) and to paragraphs in each of the schedules; and
  - (b) clause numbers are to clauses in part 3 (*Terms of the CVAs*).

#### 2. Administrators' CVA proposals (the Proposals)

- 2.1 The Administrators propose that the Companies enter into CVAs pursuant to Part 1 of the Insolvency Act.
- 2.2 The principal objective of the Proposals is to enable the Companies to exit from administration while ensuring a better outcome for Unsecured Creditors than would otherwise be obtained in a continued administration or liquidation of the Companies. The exit of the administrations by CVAs would achieve the primary purpose of the administrations, which is to enable each Company to be rescued as a viable going concern.
- 2.3 The main terms of the proposed CVAs are set out in paragraph 10 of this Introduction section.
- 2.4 The Administrators in relation to the Proposals are David Pike and James Tucker of KPMG LLP, 15 Canada Square, Canary Wharf, London, E14 5GL.
- 2.5 The purpose of this section is to provide you with information about the background to, and reasons for, the Companies' proposed entry into the CVAs pursuant to Part 1 of the Insolvency Act, including information about the terms of the arrangements, and to explain why the Administrators consider the arrangements to be desirable for the CVA Creditors, as they represent a better result than the alternative outcome of the administrations, and why the Administrators consider that they are in the best interests of the Companies and the CVA Creditors.
- 2.6 If the CVAs are not approved by the requisite majorities of the CVA Creditors then the Administrators will have no option other than to explore alternative asset realisation and exit options which are likely to offer a worse outcome to the CVA Creditors.

### 3. Background to and reasons for the Proposals

- 3.1 The Companies are member companies of the Group, an independent power producer in the UK, owning three separate power plants including Severn Power Station and Sutton Bridge Power Station. An excerpt of a simplified group structure has been provided below:



- 3.2 The Group's main financing comes from its secured Facilities Agreement and associated Hedging Agreements.
- 3.3 The Group has been operating in difficult energy market conditions for a number of years, with the UK policy target of net zero greenhouse gas emissions by 2050 placing the Group at a disadvantage relative to competitors that operate within the renewables market segment.
- 3.4 Budget forecasts prepared for the 2020 financial year for the Group showed that it would incur further losses given the challenging trading environment and it would therefore be unable to pay its debts as they fell due in the ensuing months unless it received significant new funding or was sold.
- 3.5 To explore these options, a sales process (run by an independent broker, Cantor Fitzgerald) for the Group was initiated in the fourth quarter of 2019 (the "**Sales Process**"). Concurrently, and in the lead up to the administration of the Parent, KPMG was engaged to prepare suitable contingency plans for the Group in the event that an insolvency process might be necessary. This included reviewing cash flows, identifying liquidity shortfalls, understanding legal, practical and commercial risks, undertaking a contractual review and exploring options available for the Secured Lender.
- 3.6 Advanced talks were held with a number of interested parties in connection with the Sales Process. Unfortunately, a sale of the business was not agreed. The Parent's board of directors subsequently resolved to place the Parent into administration on 23 June 2020 and the Parent was placed into administration on 24 June 2020, whilst the Secured Lender considered options for the Group's businesses. A subsequent decision was taken to place each of the Companies, together with certain other group companies, into administration,

and David Pike and James Tucker of KPMG LLP were appointed as administrators on 24 August 2020.

#### 4. Conduct of the administrations

- 4.1 The strategy for the Administrators has been to protect the assets in order to preserve future value for the benefit of the Companies' creditors.
- 4.2 The assets of the Companies have not been in operation since late July 2020 and they have been placed into a secure, safe and dormant state ahead of a potential extended preservation plan to protect the assets.
- 4.3 Since the Administrators' appointment, they have worked with certain employees of the Group who have been retained to support the strategy to preserve the Companies' assets in their dormant state and reduce and control their operating (preservation) costs. In the absence of an immediate sale of the assets, this provided the necessary time to allow for a strategy to be developed which would maximise the value of these assets for the Companies' creditors
- 4.4 The Administrators' formal proposals for each Company dated 12 October 2020 included a statement that, if the Administrators concluded that a rescue of the Companies could best be achieved by a CVA, then the Administrators should take such steps necessary to present a CVA proposal to the creditors and shareholders of each of the Companies.
- 4.5 Details of the Administrators' receipts and payments since their appointment until the 2 December 2020 are attached as schedule 5 (*Administrators' receipts and payments*).

#### 5. Assets and Secured Liabilities of the Companies

- 5.1 The Companies have granted fixed and floating charges over substantially all of their assets, including the power plant assets in favour of the Collateral Agent (the "**Transaction Security**") as security for their Secured Liabilities, which include liabilities under the Facilities Agreement and the Hedging Agreements. HSBC Bank plc acts as Collateral Agent on behalf of the Secured Creditors pursuant to the Intercreditor Agreement. The validity of the Transaction Security and cross-guarantees has been verified by the Administrators' solicitors. The Intercreditor Agreement regulates, among other things, the rights and priorities of the creditors under the Facilities Agreement, the Hedging Agreements, and the Intragroup Creditors (as further detailed in paragraph 10.6).
- 5.2 The Liabilities of the Parent under the Facilities Agreement are cross guaranteed by a number of Group entities, including the Companies. Therefore to the extent the Parent is unable to meet those Liabilities, the Administrative Agent is entitled to call upon the guarantees granted by the Companies (or any of the other Group entities who are guarantors under the Facilities Agreement) to meet those Liabilities or any shortfall in respect thereof. As the principal assets of the Group are held by the Companies, it is anticipated that repayment of the entire debt owing under the Facilities Agreement will be pursued from both entities until it is repaid in full.
- 5.3 As at 7 December 2020, including principal, interest and charges, the liabilities arising from the total Secured Liabilities of the Companies amount to

approximately £352 million, consisting of approximately £346 million pursuant to the Facilities Agreement and approximately £6 million pursuant to the Hedging Agreements.

- 5.4 As outlined above, the Sales Process did not yield any offers that valued the Group or its assets at a level close to the full value of the Secured Liabilities. As explained in schedule 6 (*Estimated outcome statements*) it is estimated that there will be a shortfall in respect of the Secured Liabilities. These estimates use the estimated recoverable value which might be achieved for the assets based on the Directors' Statement of Affairs dated 29 September 2020 which was disclosed in the administrators' proposals. In addition, the Administrators have obtained a desktop appraisal of the Companies' plant and equipment and land from Gordon Brothers and Knight Frank respectively, which have also confirmed that the value of the Companies' assets is significantly less than the level of Secured Liabilities.
- 5.5 A CVA cannot vary the rights of any creditor holding security. Therefore, the Secured Creditors' claims will not be compromised in the CVA.
- 5.6 Due to the value of the fixed charge assets being significantly below the amounts owed to the Secured Creditors, the Administrators believe that the economic interest of the Unsecured Creditors (other than Preferential Creditors) is limited to the value of any Prescribed Part in each Company.
- 5.7 More detailed information on the valuations output in relation to the property assets is set out in schedule 6 (*Estimated outcome statements*).
- 5.8 Other assets of the Companies are detailed in schedule 5 (*Administrators' receipts and payments*) and schedule 6 (*Estimated outcome statements*).

## **6. Preferential Liabilities**

- 6.1 The Companies have Preferential Liabilities relating to redundant employees totalling less than £100,000 in each Company. The claims of Preferential Creditors for the Preferential Liabilities will not be compromised in the CVAs and funds will be made available for distribution to the Preferential Creditors in full. A distribution will be made to Preferential Creditors of 100p in the £

## **7. Unsecured Liabilities and guarantees**

- 7.1 The Administrators estimate that the aggregated amounts due to Unsecured Creditors from Severn totals £544 million of which £499 million is due to Intragroup Creditors. The Administrators estimate that the aggregated amounts due to Unsecured Creditors from Sutton totals £264 million of which £233 million is due to Intragroup Creditors.
- 7.2 Certain obligations of the Companies in respect of their debts have been guaranteed. Details of such guarantees are set out in schedule 11 (*Schedule of guarantees*).
- 7.3 It is not proposed that any guarantees be offered for the purposes of the CVAs.

## 8. What is a company voluntary arrangement?

- 8.1 A company voluntary arrangement is a procedure under Part 1 of the Insolvency Act. It is a formal procedure which enables a company to agree with its creditors a composition in satisfaction of its debts or a scheme of arrangement of its affairs which can determine how its debts should be paid and in what proportions. It requires the approval of in excess of 75% (seventy-five per cent.) in value of the company's creditors voting on the resolution to approve the arrangement unless those voting against it include more than 50% (by value) of all the unconnected creditors whose claims are admitted for voting.
- 8.2 If a company voluntary arrangement is validly approved, it binds all of the company's creditors who were entitled to vote (whether or not they so voted) or would have been so entitled had they received notice of the relevant decision procedure.
- 8.3 A resolution, however, will be invalid if those creditors voting against it include more than half in value of the creditors, for these purposes counting only those creditors:
- (a) to whom notice of the decision procedure was sent;
  - (b) whose votes were not left out of account due to no written notice of claim having been received at or prior to the decision procedure, or where the claim or part of it is secured (including on a current bill of exchange or promissory note); and
  - (c) who are not, to the best of the convener's belief, persons connected with the company.
- 8.4 A company voluntary arrangement also requires the approval of more than 50% (fifty per cent.) in value of the company's shareholders present in person or by proxy and voting at a meeting on the resolution to approve the proposals. However, in accordance with section 4A(2)(b) of the Insolvency Act, if the outcome of the meeting of shareholders differs from the outcome of the creditors' vote, the decision of the creditors will prevail, subject to the right of any shareholder to apply to the court to challenge the approval of the proposals.
- 8.5 Creditors who are based in the European Union (including the UK) should note that by virtue of the EU Regulation on Insolvency Proceedings (recast), the Courts of the European Union Member States (other than Denmark) are obliged to recognise a company voluntary arrangement for a company which has its centre of main interests in the UK.
- 8.6 Any person entitled to vote as a creditor or shareholder to approve a company voluntary arrangement may apply to Court on one or both of the following grounds:
- (a) that the company voluntary arrangement unfairly prejudices the interests of a creditor or shareholder; or
  - (b) that there has been some material irregularity at, or in relation to, the meetings called to approve the company voluntary arrangement.
- 8.7 Any such application must be made by a creditor within 28 days of the supervisors reporting the result of the decision procedure and the



shareholders' meeting to Court, or, if the creditor was not given notice of the relevant decision procedure, such application must be made within 28 days of the creditor becoming aware that the decision procedure had taken place.

## **9. Why are company voluntary arrangements required?**

- 9.1 In order to preserve value in the assets of the Companies, the Administrators consider the CVAs to be the best exit route from the administrations and to represent the best value for the creditors of each of the Companies as a whole. The main advantages to an exit on this basis (as opposed to an ongoing administration or a liquidation) are (i) that the Companies will be able to preserve certain operational agreements (i.e. the Critical Contracts), (ii) that the businesses will be able to be sold by way of a solvent share sale (as opposed to an asset sale by administrators), thereby enhancing the tax efficiency of such sale and accordingly improving likely recoveries for the Secured Creditors, and (iii) that the CVAs will allow for an enhanced recovery to Unsecured Creditors (in comparison with an ongoing administration or a liquidation).
- 9.2 In the absence of approved CVAs, the Administrators will dispose of the assets of the Companies (including the power stations) in accordance with their legal duties. Based on the outcome of the Sales Process and the desktop appraisal prepared by Gordon Brothers and Knight Frank, the Secured Creditors are likely to incur a significant shortfall in the administrations if the assets were to be sold in this way.
- 9.3 In administration, distributions to Unsecured Creditors (other than Preferential Creditors) would therefore be restricted to the Prescribed Parts available in the administrations of each of the Companies. Furthermore, each Prescribed Part distribution would be diluted if the claims of the Critical Creditors were also to rank for distribution.
- 9.4 To facilitate the exit of the Companies from administration by way of the CVAs, the Secured Lender has agreed to fund the holding costs of the assets going forward and also to make additional funds, totalling £300,000 in each of the Companies, available to Enhanced Compromised Creditors by way of the Enhanced Compromised Creditors' Fund. The Enhanced Compromised Creditors' Fund will be made available to the Enhanced Compromised Creditors but not to the Intragroup Creditors, resulting in a commensurately higher share of recoveries for the Enhanced Compromised Creditors. The Enhanced Compromised Creditors' Fund will not be made available if the Companies remain in administration.
- 9.5 The consequence of the above is that each Enhanced Compromised Creditor is anticipated to receive a higher recovery pursuant to the CVAs than they would otherwise stand to receive in the administration processes. This is evidenced by the estimated outcome statements in respect of the Companies in schedule 6 (*Estimated outcome statements*). These statements indicate that the returns to Unsecured Creditors would be lower if the Companies remain in administration than they will be if the CVAs are approved.

## **10. Summary of proposed terms and duration of the CVAs**

- 10.1 Under section 5(3) of the Insolvency Act, following the approval of a CVA, the Court can order the appointment of an administrator to cease to take effect for

the purposes of facilitating the implementation of the arrangement. However, such an order cannot be granted before the end of the Challenge Period or at any time when a Challenge Application has been made and is outstanding. The Administrators will therefore seek to end the administrations of the Companies as soon as practicable after the expiry of the Challenge Period subject to no Challenge Application having been made. If a Challenge Application is made while the Administrators remain in office as administrators of a Company, the Administrators may elect to remain in office as administrators until a date shortly following final determination by the court of the Challenge Application or any related appeal.

- 10.2 Unpaid Administration Expenses incurred by the Companies will be paid out of the assets of the Companies as a first charge on those assets in accordance with paragraph 99 of Schedule B1 of the Insolvency Act. It is proposed that any such payments which are outstanding when the administrations of the Companies end will be made by the Supervisors who will be put in funds by the Administrators in order to ensure any residual Administration Expenses are also settled.
- 10.3 CVA Creditors who hold Critical Contracts with the Companies have been classified as Critical Creditors. Any liability due to a Critical Creditor or falling due to them under a Critical Contract will be settled in full, and Critical Creditors will therefore not participate in any of the distributions from the CVAs. Each Critical Creditor will be paid by the Companies in accordance with the relevant terms that exist in its applicable Critical Contract or as otherwise separately agreed with such Critical Creditor. A list of the Critical Contracts has been included at schedule 10 (Schedule of Critical Contracts).
- 10.4 All other CVA Creditors with an Allowed Claim who are not classified as Critical Creditors will be classified as Compromised Creditors. The CVA will establish two funds. The Compromised Creditors of Severn will be paid an estimated dividend of 0.11 pence in the £ from the Prescribed Part Equivalent Fund. Enhanced Compromised Creditors of Severn will be paid an additional estimated dividend of 0.68 pence in the £ from the Enhanced Compromised Creditors' Fund. The Compromised Creditors of Sutton will be paid an estimated dividend of 0.23 pence in the £ from the Prescribed Part Equivalent Fund. Enhanced Compromised Creditors of Sutton will be paid an additional estimated dividend of 1.01 pence in the £ from the Enhanced Compromised Creditors' Fund.
- 10.5 The Secured Lender has agreed to make additional funds available to the Enhanced Compromised Creditors by way of the Enhanced Compromised Creditors' Fund if the Proposals are approved. These additional sums will be provided by the Secured Lender on an unsecured basis independently of the existing Secured Liabilities. The Enhanced Compromised Creditors are all Compromised Creditors except for the Intragroup Creditors.
- 10.6 As outlined above, the Intragroup Creditors are party to the Intercreditor Agreement which contains certain contractual obligations the effect of which is that the claims of the Intragroup Creditors are postponed and subordinated to the claims of the Secured Creditors, and as such any Dividend payable to the Intragroup Creditors pursuant to the terms of the CVA would be payable to the Collateral Agent for distribution to the Secured Creditors in accordance with Intercreditor Agreement. The Administrators' solicitors have advised that the Intercreditor Agreement is valid. The Secured Lender has confirmed that it has no objection to the Intragroup Creditors being excluded from the

Enhanced Compromised Creditors Fund, the result of which is an increase to returns to the other Compromised Creditors. The Secured Lender has also confirmed that, although it is anticipated to vote in favour of the Proposals in respect of the unsecured element of its debt, it does not intend to make any claim for Dividends out of the CVAs. This will avoid dilution of the funds that are being made available to Unsecured Creditors by way of the Prescribed Part Equivalent Fund and the Enhanced Compromised Creditors Fund.

- 10.7 A comparison of the estimated returns to the CVA Creditors is set out in the table below.

Estimated returns Pence in the £ return	Severn		Sutton	
	CVA	Administration	CVA	Administration
Critical Creditors	100p	0.11p	100p	0.23p
Compromised Creditors	0.79p	0.11p	1.24p	0.23p
Intragroup Creditors	0.11p	0.11p	0.23p	0.23p

- 10.8 The payments made to the Compromised Creditors in accordance with the Proposals will be in full and final settlement of any monetary claims or causes of action that the Compromised Creditors have against the Companies.
- 10.9 The Proposals cannot and do not affect the rights of any creditor to the extent that it has a security interest over the assets of the Companies.
- 10.10 The CVAs will continue until the Supervisors have completed their implementation in accordance with the terms set out in part 3 (*Terms of the CVAs*).
- 10.11 The CVAs will be fully implemented on the later of:
- (a) Payment of the Dividends; and
  - (b) Settlement of any outstanding Administration Expenses (as contemplated in paragraph 10.2 above).
- 10.12 On confirmation that the Dividends have been paid and, provided the Supervisors are satisfied that the terms of the CVAs have been fully implemented, the Supervisors will send a Notice of Completion to the CVA Creditors.
- 10.13 It is expected that the CVAs will be concluded within 12 to 18 months.
- 10.14 If the CVAs are approved, it is possible that the shares in the Companies will in due course be sold by the Shareholders and the Secured Lender has expressed an interest in acquiring such shares. However, there is no certainty that any such sale will occur in the short term or at all and, in any event, any such sale would not affect the anticipated Dividends to the Compromised Creditors as contemplated in these Proposals.

## 11. Desirability of the Proposal

- 11.1 If the Proposals are approved, the Secured Lender will introduce additional funds of £300,000 in each of Sutton and Severn pursuant to the Enhanced Compromised Creditors' Fund for the benefit of the Enhanced Compromised Creditors. The Enhanced Compromised Creditors will therefore receive

distributions out of both the Prescribed Part Fund and the Enhanced Compromised Creditors' Fund.

- 11.2 The Secured Lender has agreed that the above additional funds shall be distributed to the Enhanced Compromised Creditors only.
- 11.3 If the Proposals are not approved, the Administrators will seek to dispose of the Companies' property and other assets. Based on the previous Sales Process and the desktop appraisal of Gordon Brothers and Knight Frank, the Secured Creditors are likely to incur a significant shortfall in the administrations and the returns to Unsecured Creditors from the administrations will therefore be limited to the Prescribed Part only.
- 11.4 The Administrators are therefore of the opinion that the Proposals would be of benefit to the CVA Creditors because the CVA Creditors will receive a greater return by way of the CVAs than they would do if the Companies were to remain in administration.
- 11.5 The estimated outcome statements in respect of the Companies (which are based on the Administrators' current knowledge of the Companies' assets and liabilities) can be found at schedule 6 (*Estimated outcome statements*). This statement indicates that the returns to Unsecured Creditors would be lower if the Companies remain in administration than they will be if the CVAs are approved.

## **12. Recommendation**

- 12.1 The Administrators consider that the Proposals are in the best interests of creditors as a whole. The Administrators recommend that the CVA Creditors vote in favour of the Proposals.
- 12.2 In accordance with section 4A(2)(b) of the Insolvency Act, if the outcome of the meetings of the Shareholders differs from the outcome of the CVA Creditors' vote, the decision of the CVA Creditors will prevail, subject to the right of the Shareholders to apply to the Court to challenge the approval of the Proposals.

## Part 2

### Actions to be taken by the CVA Creditors and the Shareholders

#### 1. Votes in relation to CVA Creditors

- 1.1 The Administrators have set up the Voting Portal to enable CVA Creditors to vote on decisions to approve the Proposals. The form of each resolution is set out in the letters which have been circulated together with a link to this document.
- 1.2 A CVA Creditor wishing to vote via the Voting Portal will need to submit a claim on the Voting Portal in order for the vote to be valid unless such claim has already been lodged in the relevant Company's administration.
- 1.3 Voting is by value alone and is based on the value of a CVA Creditor's Allowed Claim as at the Administration Date or, in the case of any Post-Administration Unsecured Liability, as at the Decision Date. Such values will be ascertained by the Administrators in accordance with paragraph 1.4 below.
- 1.4 The Administrators will have the power, under rule 15.33 of the Insolvency Rules, to ascertain the entitlement of persons wishing to vote and to admit or reject their claims accordingly. The Administrators will base their decision on the books and records of the Companies and such other evidence they consider appropriate. The figure accepted for voting purposes will not necessarily be the same as the figure which is ultimately accepted for any other purpose.

#### 2. Votes in relation to Intragroup Creditors and other connected debts

It is the intention of the Intragroup Creditors to vote all their CVA Liabilities in favour of the Proposals. Details of Connected Liabilities are set out in Schedule 3 (*Statutory and financial information*).

#### 3. Votes in relation to CVA Creditors for unliquidated amounts

- 3.1 Rule 15.31 of the Insolvency Rules shall apply when determining the entitlement of any CVA Creditors with claims for unliquidated or unascertained amounts wishing to vote in the CVA. Accordingly, pursuant to rule 15.31(3) of the Insolvency Rules the Administrators shall value the unliquidated or unascertained CVA Claims (for voting purposes) at £1, unless the Administrators agree to put a higher value on it.
- 3.2 The Administrators will not speculate on, and are not obliged to investigate, any unliquidated or unascertained element of any CVA Claim. However, it is intended that for voting purposes, the unliquidated or unascertained element of any creditor's claim will be admitted for voting at a value higher than £1 if such CVA Claim, where relevant, is calculated by reference to a specific clause in a contract or other documentary evidence.

#### **4. Votes in relation to Shareholders**

The Shareholders will vote on resolutions to approve the Proposals. The form of each resolution is set out in the letter to Shareholders. Voting by the Shareholders is in accordance with the rights attaching to the relevant shares. The Shareholders are nevertheless entitled to vote either for or against the Proposals, or any modification to them.

#### **5. CVA Creditor and Shareholder queries**

5.1 The CVA Creditors and the Shareholders are advised to raise any queries they may have ahead of the relevant decision procedure so as to ensure a considered response.

5.2 CVA Creditors may raise queries by email to [caloncva@kpmg.co.uk](mailto:caloncva@kpmg.co.uk).

## Part 3

### Terms of the CVAs

#### 1. Definitions and interpretation

- 1.1 Expressions defined in Schedule 1 (*Definitions and interpretations*) which are used in the terms of the Proposals shall have the meanings specified in Schedule 1 (*Definitions and interpretations*) unless the context otherwise requires and the provisions of Schedule 1 (*Definitions and Interpretation*) shall apply as if set out in full in this clause 1.1.
- 1.2 If there is a conflict or inconsistency between the terms of the CVAs set out in this part 3 and other parts of this document, the terms in this part 3 shall prevail.

#### 2. Application of the CVAs

The terms of the CVAs shall apply to each of the Companies as a separate CVA between each of the Companies and its CVA Creditors, save that where the terms relate only to a specific Company or if the context so requires, those terms shall apply only to the CVA of that specific Company.

#### 3. Moratorium

- 3.1 Save as provided in clause 3.3 and 3.4, with effect from the Effective Date, no CVA Creditor shall be entitled to take or continue any legal process against the Companies or their assets (whether by way of demand, legal proceedings, alternative determination process (including an expert determination process), the levying of distress, execution of judgment or otherwise) in any jurisdiction whatsoever for the purpose of:
  - (a) obtaining payment of any CVA Liability; or
  - (b) placing one or more of the Companies into liquidation, administration or any analogous proceedings in any jurisdiction.
- 3.2 Subject to clauses 3.3 and 3.4 if a CVA Creditor has commenced or completed any legal process or action or self-help remedy against one or more of the Companies that has arisen as a result of any CVA Related Event, such CVA Creditor agrees and acknowledges that it will discontinue any such process or action or self-help remedy and consent to any application by the Companies for relief against forfeiture or from such process or action.
- 3.3 Nothing in this Clause 3 shall prejudice the enforcement by a CVA Creditor of its rights under the CVAs and nothing shall prevent any action being taken as a consequence of non-payment of any amount when due under the CVAs.
- 3.4 Nothing in this Clause 3 shall prejudice the rights of any Secured Creditor and any creditors with proprietary rights in relation to the Companies' assets.

#### 4. Effectiveness of the CVAs

The following provisions of this part 3 (*Terms of the CVAs*) shall have full force and effect between the Companies and the CVA Creditors immediately following the approval of the Proposals on the Decision Date.

- (a) Clauses 1 (*Definitions and interpretation*) to clause 6 (*Operation of the Companies*);
- (b) Clauses 18 (*Functions, duties and powers of the Supervisors*) to clause 21 (*Administrators' remuneration*);
- (c) Clauses 25 (*Variations*) to clause 27 (*Completion or termination of the CVAs*);
- (d) Clause 30 (*Notices*) to clause 33 (*EU Regulation on Insolvency Proceedings (recast)*).

#### 5. Effective Date

5.1 Notwithstanding the approval of any one of the CVAs by the CVA Creditors, neither of the CVAs will come into effect for either of the Companies until each of the following conditions is satisfied or waived in accordance with clause 5.2 below:

- (a) Each CVA has been approved by the requisite majorities of CVA Creditors by the Decision Date, or at any adjournments thereof;
- (b) A report to the Court of the decision approving the CVA for each of the Companies has been made pursuant to section 4(6) of the Insolvency Act; and
- (c) Conditions (a) and (b) have been obtained for each Company, the "**Effective Date**".

5.2 The Administrators may waive any of the conditions precedent set out in clause 5.1(c) above, either unconditionally or on terms.

#### 6. Operation of the Companies

6.1 With effect from the date on which the Administrators are released from office, the affairs, business, assets and properties of the Companies will be managed by the officers of the Companies (as at that date) in the ordinary course of business.

6.2 The Supervisors shall not have any personal liability in respect of, any ongoing trading activities or any debts incurred in respect of the Companies.

6.3 The Companies will have no obligation to put the Supervisors into possession of any assets. However, the Administrators will pay sufficient sums (to be determined) to the Supervisors to be held in the Administration Expense Accounts to allow the Supervisors to fulfil their obligations under clause 18 in relation to the settlement of outstanding Administration Expenses.

6.4 In the event that there are insufficient funds in the Administration Expenses Accounts to allow the Supervisors to fulfil their obligations under clause 18.4, the Supervisors shall either, at their discretion:



- (a) send a notice to the relevant Company requiring direct payment of one or more Administration Expenses within such time as the Supervisors in their discretion believe to be reasonable; or
  - (b) send a notice to the relevant Company requiring a sum to be transferred to the relevant Administration Expenses Account within such time as the Supervisors in their discretion believe to be reasonable.
- 6.5 Any funds remaining in any Administration Expenses Account following the settlement of all Administration Expenses and outstanding costs of the CVAs for that Company will be returned by the Supervisors to that Company immediately on the CVA being fully implemented.

## **7. Effect on CVA Creditors**

### **7.1 Preferential Creditors**

Preferential Creditors will be paid in full out of the relevant Preferential Creditors' Fund.

### **7.2 Critical Creditors**

- (a) CVA Creditors who hold Critical Contracts with the Companies have been classified as Critical Creditors. Each Critical Creditor will be paid in full by the Companies in accordance with the relevant terms that exist in the Critical Contracts or as otherwise separately agreed with such Critical Creditor.
- (b) The Critical Creditors and the Companies will continue to perform their obligations in accordance with the terms of their respective Ordinary Unsecured Arrangements as if a CVA Related Event had not occurred or as otherwise separately agreed with such Critical Creditor.
- (c) With effect from the Effective Date:
  - (i) each Critical Creditor waives and releases the relevant Company from any breaches or defaults of any Ordinary Unsecured Arrangement that may have arisen or may arise as a result of any CVA Related Event;
  - (ii) the Critical Creditors will not be entitled as a result of any CVA Related Event:
    - (A) to terminate any Ordinary Unsecured Arrangement; or
    - (B) to cause any of the Companies to lose or otherwise forfeit any deposit or advance payment made by the Companies or to require them to provide any such deposit or advance payment in each case in respect of its Ordinary Unsecured Arrangements; or
    - (C) to impose more onerous terms or conditions (including but not limited to higher interest payments, charges and/or changes to payment terms); or
    - (D) to require any security (including guarantees) from any of the Companies or any director of the Companies or the Shareholders or any other party whatsoever; or

- (E) to enforce any other contractual or other right that they may have in their capacity as Ordinary Unsecured Creditors; and
    - (F) any attempt by any Ordinary Unsecured Creditor to change or vary the terms of any Ordinary Unsecured Arrangement (including as described above) as a result of any CVA Related Event without the written consent of the relevant Company will be unenforceable.
  - (d) From the Effective Date onwards, in the event that any of the Companies fails to perform its contractual obligations pursuant to any Ordinary Unsecured Arrangement (other than as a result of any CVA Related Event), nothing in Clause 7.2 will prejudice the enforcement by an Ordinary Unsecured Creditor of its rights under such Ordinary Unsecured Arrangement and nothing will prevent any action being taken as a consequence of any other breach of the Ordinary Unsecured Arrangement.
  - (e) Save as otherwise provided above, all accrued rights of the Ordinary Unsecured Creditors in respect of any Ordinary Unsecured Liability and their rights in respect of any other breaches of any Ordinary Unsecured Arrangement will remain and nothing in this Clause 6 will prevent any action being taken as a consequence of non-payment of any amount when due or any person's rights in respect of such a Liability.
- 7.3 Compromised Creditors
- (a) All other CVA Creditors with an Allowed Claim who are not Critical Creditors will be classified as Compromised Creditors. Compromised Creditors and shall be, subject to sub-clause (b) below, entitled to receive a *pro rata* amount:
    - (i) from the Prescribed Part Equivalent Fund; and
    - (ii) the Enhanced Compromised Creditor Fund (where applicable),
 in settlement of their Allowed Claim.
  - (b) Intragroup Creditors with Allowed Claims will be entitled to receive a *pro rata* distribution from the Prescribed Part Equivalent Fund only and shall not be entitled to any distribution from the Enhanced Compromised Creditor Fund.
- 7.4 It is anticipated that all Dividends will be paid by the respective Companies no later than 31 October 2021.
- 7.5 On the Effective Date, the CVAs shall constitute a compromise of all CVA Claims owing to the CVA Creditors. All payments made in accordance with the CVAs, including Dividends paid pursuant to the CVAs to any Compromised Creditor, shall be in full and final settlement of any and all rights, obligations or claims existing now or in future and arising out of, in connection with, or otherwise in respect of such CVA Claim.
- 7.6 Nothing in this clause or the compromise effected by the Proposals shall affect the rights of any CVA Creditor who claims to have reserved title or otherwise hold any proprietary rights to any items supplied to the Companies.
- 7.7 Nothing in this clause or the compromise effected by the Proposals, shall, except so far as is necessary for the purpose of releasing the Companies from their CVA Liabilities, affect, and is not intended to affect, the rights or

liabilities of any person other than the Companies and the rights of any person other than their rights against the Companies.

## **8. The Preferential Creditors' Funds**

- 8.1 Each of the Preferential Creditors' Funds will be for the benefit of the relevant Preferential Creditors with Allowed Claims.
- 8.2 The Preferential Creditors' Funds will be held by the Supervisors on trust for the Preferential Creditors.
- 8.3 The Administrators will pay £100,000 to the Supervisors of Severn and £100,000 to the Supervisors of Sutton for placing into the relevant Preferential Creditors' Fund no later than 1 month after the end of the Challenge Period or, in the event that any of the CVAs are approved by the requisite majority of CVA Creditors but a Challenge Application is made during the Challenge Period, within 7 days of the earlier of that Challenge Application being withdrawn or being Successfully Resolved.
- 8.4 If the value of either of the Preferential Creditors Funds exceeds that of the Allowed Claims of all relevant Preferential Creditors, then the Supervisors will pay the surplus to the relevant Company.

## **9. The Prescribed Part Equivalent Funds**

- 9.1 Each of the Prescribed Part Equivalent Funds will be for the benefit of the relevant Compromised Creditors with Allowed Claims.
- 9.2 The Prescribed Part Equivalent Funds will be held by the Supervisors on trust for the Compromised Creditors.
- 9.3 The Administrators will pay £600,000 to the Supervisors of Severn and £600,000 to the Supervisors of Sutton for placing into each of the Prescribed Part Equivalent Funds no later than 1 month after the end of the Challenge Period or, in the event that any of the CVAs are approved by the requisite majority of Creditors but a Challenge Application is made during the Challenge Period, within 7 days of the earlier of that Challenge Application being withdrawn or being Successfully Resolved.
- 9.4 If the value of the Allowed Claims of the Compromised Creditors of either of the Companies exceeds the value of the relevant Prescribed Part Equivalent Fund, then those Allowed Claims will be reduced in equal proportion between themselves and will rank pari passu for payment from the relevant Prescribed Part Equivalent Fund.
- 9.5 If the value of either of the Prescribed Part Equivalent Funds exceeds that of the Allowed Claims of all relevant Compromised Creditors, then those Allowed Claims will rank pari passu for payment from the amount of the relevant Prescribed Part Equivalent Fund up to the amount of those Allowed Claims together with interest at the rate specified in section 189 of the Insolvency Act calculated from the Administration Date to the date of distribution, with any surplus being paid to the relevant Company.

## **10. The Enhanced Compromised Creditors' Funds**

- 10.1 Each of the Enhanced Compromised Creditors' Funds will be for the benefit of the relevant Enhanced Compromised Creditors with Allowed Claims.
- 10.2 The Enhanced Compromised Creditors' Funds will be held by the Supervisors on trust for the Enhanced Compromised Creditors.
- 10.3 The Administrators will pay £300,000 to the Supervisors of Severn and £300,000 to the Supervisors of Sutton for placing into the relevant Enhanced Compromised Creditors' Fund no later than 1 month after the end of the Challenge Period or, in the event that any of the CVAs are approved by the requisite majority of Creditors but a Challenge Application is made during the Challenge Period, within 7 days of the earlier of that Challenge Application being withdrawn or being Successfully Resolved.
- 10.4 If the value of the Allowed Claims of the Enhanced Compromised Creditors of either of the Companies exceeds the value of the relevant Enhanced Compromised Creditors' Fund, then those Allowed Claims will be reduced in equal proportion between themselves and will rank *pari passu* for payment from the relevant Enhanced Compromised Creditors' Fund.
- 10.5 If the value of either of the Enhanced Compromised Creditors' Funds exceeds that of the Allowed Claims of all relevant Compromised Creditors, then those Allowed Claims will rank *pari passu* for payment from the amount of the relevant Enhanced Compromised Creditors' Fund up to the amount of those Allowed Claims together with interest at the rate specified in section 189 of the Insolvency Act calculated from the Administration Date to the date of distribution, with any surplus being paid to the relevant Company.

## **11. Prescribed Part Equivalent Funds and Enhanced Compromised Creditors' Funds. Notice and acceptance of claim**

- 11.1 Claims of the Compromised Creditors will only qualify for payment out of a Prescribed Part Equivalent Fund pursuant to Clause 9 if they are Allowed Claims. Any claim which is not an Allowed Claim will be treated as a Disputed CVA Claim.
- 11.2 Claims of the Enhanced Compromised Creditors will only qualify for payment out of an Enhanced Compromised Creditors' Fund pursuant to Clause 10 if they are Allowed Claims.
- 11.3 Disputes in relation to claims or purported claims in respect of a Compromised Creditor will be determined in accordance with Clause 12 (*Dispute Resolution Process*).
- 11.4 The amount of any Disputed CVA Claim which is agreed pursuant to Clause 12 (*Dispute Resolution Process*) will become an Allowed Claim.
- 11.5 A Compromised Creditor will only be treated as a Creditor with an Allowed Claim in respect of a liability incurred by the relevant Company if the relevant Compromised Creditor has, prior to the Effective Date, lodged a Statement of Claim with the administrators or lodges a Statement of Claim with the Supervisors on or before the Claims Date.

## 12. Dispute Resolution Process

- 12.1 A Disputed CVA Claim of a Compromised Creditor will be resolved in accordance with the procedure set out in the remainder of this Clause 12 (*Dispute Resolution Process*).
- 12.2 The Compromised Creditor will deliver a notice to the Supervisors in accordance with Clause 12.4 ("**Disputed Claim Notice**") within 21 days of the Compromised Creditor receiving confirmation from the Supervisor that either its claim has been:
- (a) allowed for a lower amount than that specified in the Statement of Claim; or
  - (b) rejected.
- 12.3 If a Disputed Claim Notice is not delivered within 21 days, the:
- (a) amount for which the claim has been admitted by the Supervisors; or
  - (b) rejection of the claim,
- (as the case may be) will be treated as having been accepted by the relevant Compromised Creditor.
- 12.4 Each Disputed Claim Notice will:
- (a) give reasons why the Compromised Creditor believes that the information used by the Supervisors in calculating its claim is incorrect;
  - (b) include such information which the Compromised Creditor considers to be correct, together with supporting evidence; and
  - (c) give details of the amount of the claim to which the Compromised Creditor considers it should be entitled ("**Disputed Claim Amount**").
- 12.5 The Supervisors will consider the reasons, information, or particular circumstances and supporting evidence supplied or other apparent evidence (as applicable). If the Supervisors do not agree with the Disputed Claim Amount then they may, on giving not less than seven days' notice to the Compromised Creditor, refer the determination of the Disputed Claim Amount to a chartered accountant ("**Claims Dispute Accountant**") whose nomination is agreed between the parties or to a chartered accountant nominated by the president for the time being of the Institute of Chartered Accountants of England and Wales.
- 12.6 The person so appointed in accordance with Clause 12.5:
- (a) is to act as an expert, and not as an arbitrator; and
  - (b) must afford the parties the opportunity within such a reasonable time limit as he may stipulate (being not more than one month) to make representations to him (accompanied by professional reports or other appropriate evidence in the relevant circumstances) and permit each party to make submissions on the representations of the other.
- 12.7 Neither the relevant Company nor any Compromised Creditor may, without the consent of the other, disclose to the Claims Dispute Accountant correspondence or other evidence to which the privilege of non-production

(including, but not limited to, "Without Prejudice" communications) properly attaches.

- 12.8 The determination of the Claims Dispute Accountant is to be made no later than two months after the date of referral and, except in case of manifest error, will be binding on the relevant Company and the Compromised Creditor.
- 12.9 The fees and expenses of the Claims Dispute Accountant, including the costs of his nomination, are to be borne as the Claims Dispute Accountant may direct (but in the absence of such direction, by the parties in equal shares), but (unless they otherwise agree) the parties will bear their own costs with respect to the determination or the issue by the Claims Dispute Accountant.
- 12.10 If the Supervisors do not refer the determination of the Disputed Claim Amount to the Claims Dispute Accountant then the dispute shall be dealt with in accordance with the procedure for determination of creditors' claims in liquidation in Part 14 of the Insolvency Rules.

### **13. Foreign Currency Debts**

- 13.1 Any CVA Liability which is not denominated in pounds sterling will be converted into pounds sterling based on the mid-rate of exchange on the London foreign exchange market at the close of business on the Administration Date or, in the case of any Post-Administration Unsecured Liability, as at the Decision Date, in each case as published for that date in the Financial Times (London Edition). Accordingly, all payments made by the Companies in cash under the CVA in respect of such CVA Liability shall be made in pounds sterling.

### **14. Unclaimed Dividend Payments**

- 14.1 If the Supervisors are unable to make any Dividend payment whether because:
  - (a) cheques have been returned as undeliverable without a proper forwarding address;
  - (b) funds for cheques have not been cleared within 3 months of the cheques being issued;
  - (c) cheques were not mailed or delivered because of an incorrect address; or
  - (d) otherwise howsoever,each Preferential Creditor or Compromised Creditor entitled to such Dividend payment will, from that time, be deemed to have waived their rights thereto and as a result such monies will be returned to the relevant Company unless the Supervisors elect otherwise.

### **15. Miscellaneous payment provisions**

- 15.1 All sums payable to a Preferential Creditor or a Compromised Creditor pursuant to the CVA may be paid:

- (a) by cheque in favour of the relevant Preferential Creditor or Compromised Creditor or otherwise as it may direct. Where payment is sent by cheque, such payment may be sent by post to the last known address of the relevant Preferential Creditor or Compromised Creditor;
  - (b) by telegraphic transfer to such bank account as the Preferential Creditor or Compromised Creditor may from time to time notify to the Supervisors; or
  - (c) by placing a cheque in the post or processing a telegraphic transfer to the relevant Preferential Creditor or Compromised Creditor will be a good discharge of any obligation in connection with making a payment on the Supervisors under the terms of this Proposal.
- 15.2 The Supervisors may pay Dividends by the most appropriate manner they see fit. Any banking fees incurred in paying a Dividend will be deducted from the Dividend payment.
- 15.3 In making any payment under the CVAs to a Preferential Creditor or Compromised Creditor, either of the Companies may first deduct any tax payable on, or in respect of, amounts comprising any such payments in addition to any bank charges levied in respect of such payments.
- 15.4 If any Compromised Creditor or Preferential Creditor does not receive payment in connection with an Allowed Claim on its due date as a result of any administrative or technical error or delay in the banking system, no interest will be payable to that Preferential Creditor or Compromised Creditor.

## **16. Full and final settlement**

- 16.1 Subject to Clause 7 of this Part 3 (The effect of the CVA on Creditors and Clause 27 (Completion or termination of the CVA):
- (a) upon the Effective Date the provisions of this Part 3 (*Terms of the CVA*) will constitute a compromise of all Compromised Creditors' claims, and the obligations of the Administrators to make payments pursuant to the CVA into the Prescribed Part Equivalent Funds and the Enhanced Compromised Creditors' Funds respectively and the payments of applicable Dividends to Compromised Creditors will be in full and final settlement of all Compromised Creditors' CVA Claims; and
  - (b) accordingly, upon the CVAs coming into effect in accordance with Clause 4 (Effectiveness of the CVAs) of this Part 3 (*Terms of the CVA*) each Compromised Creditor accepts the compromise of the Compromised Creditors' CVA Claims as set out in this Part 3 as full and final satisfaction of each and every such Compromised Creditors' CVA Claim.

## **17. Assets**

- 17.1 Nothing herein involves the realisation of assets or the acquisition of further assets.
- 17.2 Save as set out herein, there will be no further funds available to CVA Creditors in respect of:
- (a) assets acquired by the Companies;
  - (b) any windfall gains received by the Companies; and

- (c) profit and income of the Companies

in each case, received or acquired by the Companies after the date of their exit from administration.

- 17.3 For the avoidance of doubt, funds held by the Supervisors in the Administration Expenses Accounts and the ETS Allowances (which are subject to Security) shall not constitute assets of the CVAs available to CVA Creditors. Insofar as the Companies are permitted to do so, it is intended that the ETS Allowances will be sold by the Companies.
- 17.4 Save for the ongoing facilities provided by the Secured Lender, no third party funding is being provided to the Companies.

## **18. Functions, duties and powers of the Supervisors**

- 18.1 The initial Supervisors shall be the persons specified in part 1 (*Supervisors*) of schedule 8 (*Supervisors and addresses for notices*) being qualified insolvency practitioners within the meaning of section 390A of the Insolvency Act, and any replacement appointed in accordance with these terms of the CVAs and all powers conferred on them shall be exercisable jointly and severally.
- 18.2 The Administrators will pay to the Supervisors of Severn and Sutton, for placing into the relevant Administration Expenses Accounts, an amount equal to their estimates of the outstanding Administration Expenses no later than 1 month after the end of the Challenge Period or, in the event that any of the CVAs are approved by the requisite majority of Creditors but a Challenge Application is made during the Challenge Period, within 7 days of the earlier of that Challenge Application being withdrawn or being Successfully Resolved.
- 18.3 It is intended that the Administrators take the necessary steps to procure that the administrations of the Companies cease as soon as practicable after the expiry of the Challenge Period, subject to no Challenge Application having been made or a related appeal pending. If a Challenge Application is made while the Administrators remain in office as administrators of a Company, the Administrators may elect to remain in office as administrators until a date shortly following final determination by the court of the Challenge Application or any related appeal. The Administrators will be discharged from liability on the same date as the cessation of the administrations.
- 18.4 As soon as practicable after the Administrators have vacated office, without prejudice to the provisions of paragraph 99 of Schedule B1 of the Insolvency Act, the Supervisors will discharge any remaining outstanding Administration Expenses from the Administration Expenses Accounts and will be empowered to submit any taxation and VAT returns to HMRC and any other documentation relating to the period of the Companies' administrations.
- 18.5 The Supervisors will agree the claims of the Preferential Creditors and discharge the Preferential Liabilities of each of the Companies from the relevant Preferential Creditors' Fund.
- 18.6 The Supervisors will agree the claims of the Compromised Creditors and pay Dividends from each of the Prescribed Part Equivalent Funds to the relevant Compromised Creditors.



- 18.7 The Supervisors will pay Dividends from each of the Enhanced Compromised Creditors' Fund to the relevant Enhanced Compromised Creditors.
- 18.8 The office of Supervisor shall be vacated by a Supervisor if that Supervisor:
- (a) dies, becomes bankrupt or otherwise unfit for office;
  - (b) is convicted of an indictable offence (other than a road traffic offence);
  - (c) resigns his office by 28 days' notice in writing to the Companies; or
  - (d) ceases to be a qualified insolvency practitioner.
- 18.9 The Supervisors shall have, in addition to any powers conferred on them under the Insolvency Act or the Insolvency Rules or otherwise as a matter of law, such powers as are necessary or expedient to enable them to carry out their functions under the CVAs in accordance with their terms. Without limitation to the generality of the foregoing, the Supervisors may carry out all acts and exercise all discretions, authorities, powers and duties required to be carried out in order to facilitate the implementation of the CVAs.
- 18.10 The Supervisors shall not assume any fiduciary or other special responsibilities or duties to the CVA Creditors.
- 18.11 It will not be the duty of the Supervisors to oversee the business and affairs of the Companies and the Supervisors shall have no responsibilities in relation to the conduct of the affairs of the Companies or in relation to any matters other than those expressly set out in these Proposals.
- 18.12 The Companies shall:
- (a) provide the Supervisors, upon request, with a power of attorney to enable them to administer and implement the CVAs;
  - (b) provide the Supervisors, upon request, with sole signing rights and authority to operate the Administration Expenses Accounts for the purposes of settling Administration Expenses and costs of the CVAs;
  - (c) give the Supervisors, upon request, reasonable access to such accounts, books, records and information as the Supervisors consider, in their sole discretion, to be necessary to carry out their functions;
  - (d) use reasonable endeavours (in prior consultation with the Supervisors) to:
    - (i) maintain the validity of any available insurance; and
    - (ii) ensure maximum payment by any applicable insurer, in respect of any claim which, but for such insurance cover, would be a CVA Claim; and
  - (e) do all such other things as the Supervisors shall reasonably require for the purpose of the implementation of the CVAs.
- 18.13 The Supervisors may perform their duties through agents and employees and shall be entitled to rely on any communication, instrument, document or information (whether provided in writing or orally) considered by them to be genuine and correct and shall be entitled to rely upon the advice of, or information obtained from, any professional adviser or other person instructed by them and considered by them in good faith to be competent.

- 18.14 For the purpose of any acknowledgements or agreements as to, or provisions of, exclusions of Liability or indemnity in favour of the Supervisors in these Proposals, the CVAs or any collateral arrangements or agreement relating to the same, references to the Supervisors where the context so permits shall mean and include their present and future firm or firms, members, partners and employees, and any legal entity or partnership using its names, the firm KPMG LLP, any successor or merged firm and the members, partners, shareholders, officers and employees of such entity or partnership.
- 18.15 The Companies shall not hold out the Supervisors or their firm as agents of the Companies or their business save that, in exercising their powers under the CVAs, the Supervisors shall act as the Companies' agents. Without prejudice to the generality of the foregoing, the Supervisors shall be entitled to an indemnity on demand from the Companies against:
- (a) (in the absence of fraud, gross negligence or wilful default) all actions, claims, proceedings and demands brought or made against them or any of them in respect of the conduct of the CVAs (the "**Indemnified CVA Actions**") and in respect of all remuneration, expenses and Liabilities and obligations incurred by them in carrying out their functions;
  - (b) any Liability incurred by them in defending any Indemnified CVA Actions, whether civil or criminal, in which judgment is given in their favour or they are acquitted.
- 18.16 In the event that all funds held by the Supervisors in the Administration Expenses Account insufficient to discharge the Administration Expenses in full, the Administrators shall be entitled to an indemnity on demand from each of the Companies against any unpaid Administration Expenses.
- 18.17 The Companies shall indemnify the Supervisors on demand for any Liability incurred by them in defending the CVAs or any challenge to the CVAs, without prejudice to the Court's power to order any person to pay the costs of, and occasioned by, such proceedings.
- 18.18 The Supervisors may apply to the Court for the purpose of obtaining directions in accordance with the Insolvency Act without reference to the CVA Creditors. If directions are given by the Court then, to the extent required, the CVAs shall be modified accordingly.

## 19. Supervisors' remuneration

- 19.1 The basis of the Supervisors' remuneration will be fixed by reference to the time properly given by them and their staff in attending to matters arising in connection with the CVAs including their work in preparing, implementing and operating the CVAs and all acts reasonably incidental thereto. Such time costs shall be charged at the Supervisors' standard rates from time to time for insolvency related work set out in schedule 9 (*KPMG LLP charge-out rates*).
- 19.2 The Supervisors' fees will be drawn from the relevant Administration Expenses Account from time to time.
- 19.3 Costs and expenses (including but not limited to legal costs and expenses) incurred by the Supervisors shall be invoiced to the Companies and shall be paid by the Companies promptly, or with the approval of the Companies, will be paid from the relevant Administration Expenses Account.

- 19.4 An estimate of fees to be paid to the Supervisors is set out at paragraph 8 (*Fee disclosures and estimates*) of schedule 3 (*Statutory and financial information*).

## **20. Functions, duties and powers of the Administrators**

- 20.1 Notwithstanding the implementation of one or more of the CVAs and save to the extent that such powers or functions would conflict with the powers and functions of the Supervisors, until the date on which they vacate office, the Administrators shall continue to exercise and perform all the powers and duties in relation to the Companies conferred on them by all relevant legislation for as long as the Administrators shall continue in office as administrators. In particular and without limitation, they will continue to have the power to use all the assets of the Companies in the management of the business, property and affairs of the Companies and shall have the power to bring or defend proceedings and to do any act or make any payment out of the assets of the Companies which is, in their opinion, consistent with the purposes of the administrations or the CVAs.
- 20.2 The Administrators shall not have any duties or responsibilities in relation to matters related to the CVAs other than those expressly referred to herein. Such duties shall be owed to the Companies of which they are administrators and (save as expressly provided herein) no such duty shall be owed by such administrators to any other company.
- 20.3 The Administrators will supply to the Supervisors, prior to vacating office, an estimate of the Prescribed Parts for each of the Companies as at the date on which the administrations are terminated.

## **21. Administrators' remuneration**

The Administrators shall be remunerated on the basis agreed in the administration proceedings for each Company.

## **22. No creditors' committees**

There shall be no creditors' committees for the CVAs.

## **23. No warranties or representations**

Neither the Administrators, nor the Supervisors, give any warranties and they make no representations in relation to the information contained in this document including its schedules.

## **24. Vacancy in office of Supervisors**

If there is a vacancy in the office of Supervisor, the remaining Supervisors shall forthwith appoint as a replacement Supervisor a qualified insolvency practitioner.

## **25. Variation**

- 25.1 Subject to clause 25.2, the Companies will have the power at any time after the Effective Date, if considered expedient to do so, to modify the provisions of the CVAs, provided:
- (a) such modifications do not materially alter the effect or economic substance of the CVAs; and
  - (b) the Supervisors have confirmed to the Companies that, in their opinion (acting reasonably), the modifications do not materially alter the effect or economic substance of the CVAs.
- 25.2 The Companies shall inform the CVA Creditors of any such modifications and such modifications shall be binding on the CVA Creditors and the Supervisors and the CVAs shall be modified accordingly.

## **26. Material variation of the CVAs**

- 26.1 In respect of any modification which does materially alter the effect of the CVAs, the Supervisors or the Companies must seek the consent of the CVA Creditors to such modification, in accordance with this clause 26. No such modification can be made without the consent of the Companies.
- 26.2 The Supervisors may, at any time after the Effective Date, instigate a decision procedure or convene a meeting of creditors (as the case may be) for the purpose of varying the CVAs. The notice of the meeting shall set out the proposed variation(s) and shall be accompanied by the Supervisors' report giving the reasons for the variation or variations.
- 26.3 A variation to the CVAs shall require the same approvals of the CVA Creditors as are required for the approval of the original CVAs but shall not require approval of the Shareholders.
- 26.4 So far as is possible, the decision procedures and meetings referred to in clause 26.2 above shall be conducted in accordance with section 4 of the Insolvency Act and applicable Insolvency Rules except that:
- (a) references to the "proposal" shall be taken as references to the proposed variation; and
  - (b) All CVA Claims (save for CVA Claims that arise after the Administration Date which shall be calculated as at the Decision Date) and Preferential Liabilities shall be calculated as at the Administration Date.
- 26.5 Section 6 of the Insolvency Act shall apply to such a meeting as it does to a meeting under section 3 of the Insolvency Act, except that an application may be brought at any time within the 28 days following the approval of the variation by way of the decision procedure or at the meeting referred to in clause 26.2 but may not be brought after such period.
- 26.6 Without prejudice to the rights of any person to make an application to the Court under section 6 of the Insolvency Act, it shall be for the Supervisors to determine whether any proposed modification materially alters the effect of the CVAs.

## 27. Completion or termination of the CVAs

- 27.1 Within 28 days of the Supervisors having satisfied themselves, insofar as is reasonably practicable, that the arrangements contained in the CVAs have been fully implemented, they shall inform the Companies in writing that the CVAs have been fully implemented by sending Notices of Completion to the CVA Creditors and the Companies.
- 27.2 Subject to clause 27.3, the Supervisors shall be entitled to terminate the relevant CVA:
- (a) if a Challenge Application is served prior to the expiry of the Challenge Period, and it has not been dismissed; or
  - (b) if a Challenge Application is threatened in writing prior to the expiry of the Challenge Period, unless such application has been served prior to the expiry of the Challenge Period and has been dismissed, or the time period allowed under the Insolvency Act for making such an application has expired or the Supervisors are satisfied, in their sole discretion, that there is no merit in such threatened application,
- in each case only to the extent that:
- (i) the Supervisors consider that a Challenge Application or threat of a Challenge Application is sufficiently significant and compelling that, in the Supervisors' reasonable view, it appears more likely than not that the relevant CVA shall not be capable of being completed in accordance with its terms;
  - (ii) the Supervisors and the relevant Company have exhausted all available routes to modify or vary the terms of the relevant CVA in order to address the issue(s) raised in any such Challenge Application; and
  - (iii) consent to the modification or variation of the relevant CVA (to the extent required under the terms of the CVA) has been refused by the CVA Creditors.
- 27.3 The Supervisors shall be entitled to terminate each of the CVAs if, within 48 hours of receiving a notice from the Supervisors requesting compliance, the Companies fail to comply with their obligations under the CVA including without limitation any failure, without reasonable excuse, to pay all of the Dividends to the CVA Creditors set out in clause 8 above.
- 27.4 A CVA shall terminate if the relevant Company goes into administration (after the Administrators have vacated office) or liquidation.
- 27.5 If the Supervisors terminate either of the CVAs pursuant to clause 27.2 or 27.3, they shall inform the relevant Company in writing that they are proposing to terminate the CVA by sending a Notice of Termination to the CVA Creditors and the Company.
- 27.6 Save for the provisions of clause 20 (*Functions, duties and powers of the Supervisors*), clause 30 (*Notices*), clause 31 (*No personal liability*) and clause 32 (*Governing law and jurisdiction*), all of which survive termination, the obligations under the CVAs shall terminate on the date on which the Supervisors send a Notice of Termination in accordance with clause 27.5.

## 28. Set-off

The equivalent rules of set-off as they would be applied in a liquidation of any Company shall apply in respect of any Dividends made in accordance with the terms of the CVAs.

## 29. Assignments

- 29.1 Without prejudice to clause 28 (*Set-off*), the rights of the CVA Creditors under the CVAs shall be assignable. However, the Companies shall not be bound by any assignment (or assignation) unless and until notice is given in writing to the Companies and the Supervisors.
- 29.2 If a CVA Creditor gives notice in writing to the relevant Company and the Supervisors that it wishes its Dividend be paid to another person, or that it has assigned its entitlement to another person, the relevant Company shall pay the Dividend to that other person accordingly. Any such notice must specify the name and address of the person to whom payment is to be made.

## 30. Notices

- 30.1 A notice to be given to the Supervisors or the relevant Company or Companies:
- (a) must be given in writing or via email to [caloncva@kpmg.co.uk](mailto:caloncva@kpmg.co.uk);
  - (b) may be sent by post or may be delivered as aforesaid but shall only be deemed delivered upon actual receipt, provided that if such receipt occurs on a Saturday, Sunday or public holiday or after 5:30 p.m. on any Business Day such notice shall be deemed to have been received at 9:30 a.m. on the next Business Day; and
  - (c) must be addressed to the Supervisors and/or the relevant Company or Companies at the address set out in schedule 8 (*Supervisors and addresses for notices*).
- 30.2 A notice shall be expressed in the English language unless such notice is given by a CVA Creditor who has his habitual residence, domicile or registered office in a Member State of the European Union other than the UK, in which case it may be given in the official language or one of the official languages of that other Member State.
- 30.3 Any notice given under the CVAs by the Supervisors or the relevant Company or Companies to any person shall be sufficiently delivered by posting the same by first class or airmail post or leaving the same at the address of such person last known to the Companies or, if an electronic address is provided in a Notice of Claim (or otherwise), by email or fax. If such notice is posted, it shall be deemed to have been received by the addressee 48 hours after the same shall have been posted. If such notice is sent by email or fax, it shall be deemed to have been delivered to the recipient no later than 9.00 am on the next Business Day after it was sent.
- 30.4 A notice which is signed by a person authorised by an individual CVA Creditor on his behalf may be rejected by the Supervisors if it is not accompanied by a power of attorney duly executed by the CVA Creditor in favour of such person whereby such person is authorised to execute the notice concerned, or by a

copy of such power of attorney certified as a true copy thereof by a solicitor or notary or a person authorised to administer oaths in any relevant jurisdiction, together with a statutory declaration made by the donee of the power stating that such power had not been revoked prior to his signature of such notice. In the case of a notice which is signed on behalf of a CVA Creditor which is a corporation or other legally constituted person or a partnership, the Supervisors shall not be required to make enquiry as to the authority of the signatory to sign such notice on behalf of such CVA Creditor.

### **31. No personal liability**

The Administrators, the Supervisors, their firm, their employees, their advisers or any agents employed by them shall not incur any personal liability whatsoever arising how so ever, whether directly or indirectly, in connection with the preparation, implementation or conduct of the CVAs, these Proposals in general or in connection with any associated agreement or arrangement.

### **32. Governing law & jurisdiction**

32.1 The CVAs and any non-contractual obligations arising out of or connected with the CVAs are governed by and shall be construed in accordance with the laws of England and Wales.

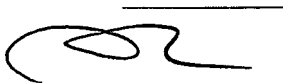

32.2 The Court shall have exclusive jurisdiction to hear and determine any dispute or claim arising out of, or in connection with, these Proposals, their subject matter or formation, or any provision of the CVAs or its implementation or out of any action taken or omitted to be taken under the CVAs or in connection with the administration of the CVAs and, for such purposes, each of the CVA Creditors irrevocably submits to the jurisdiction of the Court, provided, however, that nothing in this clause 32.2 shall (i) affect the validity of other provisions governing law and jurisdiction as between a Company and any of the CVA Creditors in respect of any agreement made between a Company and any of the CVA Creditors, whether contained in any contract or otherwise; or (ii) prevent the Companies from relying upon the provisions of the CVAs in any foreign court or in any foreign proceedings.

### **33. EU Regulation on Insolvency Proceedings**

33.1 The EU Regulation on Insolvency Proceedings (recast) applies and these proceedings are main proceedings as defined by article 3 of that regulation.

33.2 The Company has no locations outside of the UK.

33.3 CVA Creditors who are located outside of the UK shall be entitled to the same rights to make CVA Claims and receive payments as CVA Creditors located in the UK.



David Pike, Joint Administrator

7 December 2020

## Schedule 1

### Definitions and Interpretations

Except where a contrary intention appears, the following terms have the following meanings when used herein (including in the Schedules):

**"Administration Date"** means 24 August 2020.

**"Administration Expenses"** means the liabilities incurred by the Administrators which fall within the provisions of paragraph 99 of Schedule B1 to the Insolvency Act or rule 3.50 of the Insolvency Rules, including Administration Trading Liabilities.

**"Administration Expenses Account"** means a bank account operated and controlled by the Supervisors into which the Administrators will pay, from realisations held by them, such amount as they estimate will be required by the Supervisors to fully discharge the Administration Expenses of the relevant Company.

**"Administration Trading Liabilities"** mean liabilities incurred by the Administrators after the Administration Date, which are unpaid at the date on which the Administrators vacate office.

**"Administrative Agent"** means CLMG Corp. as Administrative Agent under the Facilities Agreement.

**"Administrators"** means James Tucker and David Pike of KPMG LLP appointed as administrators of the Companies.

**"Allowed Claim"** means a CVA Claim from a Preferential Creditor or a Compromised Creditor which has been submitted to the Administrators or the Supervisors and agreed by the Supervisors (in whole or in part) for the purposes of the Preferential Creditors' Fund or the Prescribed Part Equivalent Fund. **"Business Day"** means a day other than a Saturday or Sunday or public holiday in England and Wales.

**"Cantor Fitzgerald"** means Cantor Fitzgerald LLC.

**"Challenge Application"** means an application made to the Court under sections 4A(3) or 6(1) and 6(3)(a) of the Insolvency Act or under rule 15.35 of the Insolvency Rules.

**"Challenge Period"** means in respect of a particular person, the period ending on the latest date upon which that person is entitled to make an application to the Court under, and in accordance with, any of section 4A(3) or sections 6(1) and 6(3)(a) of the Insolvency Act or rule 15.35 of the Insolvency Rules.

**"Claims Date"** means 31 August 2021.

**"Claims Dispute Accountant"** has the meaning given to it in Clause 12.5 (*Dispute resolution procedure*).

**"Collateral Agent"** means HSBC Bank plc.

**"Companies"** together means Severn and Sutton and **"Company"** means any one of them.



**"Compromised Creditors"** means the CVA Creditors including, but not limited to, the GHG Creditors, the Redundancy Creditors and the Intragroup Creditors, but excluding the Secured Creditors and the Critical Creditors.

**"Connected Creditors"** has the meaning given to it in paragraph 5 (*Connected creditors*) of schedule 3 (*Statutory and financial information*).

**"Connected Liabilities"** means any liability due to a Connected Creditor.

**"Contingent Liability"** means any potential or future Liability, pecuniary obligation or other obligation arising out of, or capable of arising out of, contract, common law, equity, statute in England or any other jurisdiction, court order or decree, or otherwise, in connection with or arising out of any contract, obligation or arrangement that would but for the Effective Date be treated as an unsecured claim in the administrations of the Companies.

**"Court"** means the High Court of Justice in England and Wales.

**"Critical Contract"** - The contracts as listed in schedule 10 (*Schedule of Critical Contracts*).

**"Critical Creditors"** means a CVA Creditor that is party to a Critical Contract with either of the Companies.

**"CVA"** means the proposed company voluntary arrangements between a Company and its Unsecured Creditors as contemplated by the Proposals and **"CVAs"** means both of the company voluntary arrangements of the Companies with their respective Unsecured Creditors.

**"CVA Claim"** means any claim of a CVA Creditor against a Company.

**"CVA Creditor"** means any person to whom a Company owes a CVA Liability (including its successors in title, assignees and transferees in respect of that CVA Liability), including the Critical Creditors and the Compromised Creditors.

**"CVA Liability"** means any Liability or Contingent Liability of a Company, including but not limited to any Liability which would be provable under rule 14.3 of the Insolvency Rules in the administration of that Company, but excluding any Liability or Contingent Liability of a Company arising out of or in connection with obligations that arise after the Decision Date.

**"CVA Related Event"** means:

- (a) the announcement, issue or making or coming into effect of the Proposals;
- (b) the initiation of the decision procedure for the approval of the Proposals;
- (c) one or more of the Companies being deemed to be insolvent or deemed to be unable to pay its debts as they fall due or deemed to have proposed or made an arrangement or compromise with its creditors as a result of the matters referred to in paragraphs (a) and (b) of this definition; or
- (d) any cross-default provision triggered as a result of any of the matters referred to in paragraphs (a) to (c) (inclusive) above.

**"Decision Date"** means 24 December 2020.

**"Directors"** means the directors of Severn and Sutton.

**"Disputed CVA Claim"** means a CVA Claim, or any portion of a CVA Claim, which is not an Allowed Claim.

**"Disputed Claim Amount"** has the meaning given to it in Clause 12.4 (*Dispute resolution procedure*).

**"Disputed Claim Notice"** has the meaning given to it in Clause 12.2 (*Dispute resolution procedure*).

**"Dividend"** means any payment made by the Supervisors to the Preferential Creditors or the Compromised Creditors in respect of an Allowed Claim from (i) the Preferential Creditors' Fund, (ii) the Prescribed Part Equivalent Fund, and/or (iii) from the Enhanced Compromised Creditors' Fund (as applicable).

**"Effective Date"** has the meaning given to it in clause 5.1 of Part 3.

**"Enhanced Compromised Creditors"** means the Compromised Creditors save that the Intragroup Creditors shall not be Enhanced Compromised Creditors.

**"Enhanced Compromised Creditors' Fund"** means the additional funds set aside to be distributed to the Enhanced Compromised Creditors.

**"ETS Allowances"** means the EU emissions trading system allowances held by a Company in the EU ETS Union Registry as at the Administration Date.

**"EU Regulation on Insolvency Proceedings (recast)"** means EU Regulation No. 2015/848 of 20 May 2015 on Insolvency Proceedings (recast).

**"Facilities Agreement"** means the facilities agreement originally dated 30 April 2015 as amended and restated from time to time between, among others, the Parent, the Companies and the Administrative Agent.

**"GHG Creditors"** means the applicable regulator(s) to whom the Company owes GHG Liabilities.

**"GHG Liabilities"** means any Liability or Contingent Liability arising out of or in connection each Company's obligations pursuant to the GHG Regulations including, without limitation, any Liability or Contingent Liability relating to a failure by a Company to surrender allowances (as defined in regulation 3 of the GHG Regulations) including the ETS Allowances and whether or not such allowances are held by the Company as at the Administration Date, the Decision Date or otherwise).

**"GHG Regulations"** means The Greenhouse Gas Emissions Trading Scheme Regulations 2012.

**"Gordon Brothers"** means Gordon Brothers International LLC.

**"Group"** means the Parent and its respective subsidiaries, including the Companies.

**"Hedging Agreements"** means the Commodity Hedging Agreements (as defined in the Intercreditor Agreement) between, among others, the Companies and Macquarie Bank Limited.

**"HMRC"** means HM Revenue & Customs.

**"Indemnified CVA Actions"** has the meaning given to it in Clause 18.15(a).

**"Insolvency Act"** means the Insolvency Act 1986 (as amended from time to time).

**"Insolvency Portal"** means the websites [www.kpmg.co.uk/calonspl](http://www.kpmg.co.uk/calonspl) and [www.kpmg.co.uk/calonsbpg](http://www.kpmg.co.uk/calonsbpg)

**"Insolvency Rules"** means the Insolvency (England and Wales) Rules 2016 (as amended from time to time).

**"Intercreditor Agreement"** means the intercreditor agreement originally dated 30 April 2015 as amended and restated from time to time between, among others, the Parent, the Companies, and HSBC Bank plc as Collateral Agent.

**"Intragroup Creditors"** means each of the Group companies as set out in schedule 12 (*Intragroup Creditors*).

**"Knight Frank"** means Knight Frank LLP.

**"Liability"** means any obligation or liability of a person, whether it is present, future or contingent, whether or not its amount is fixed or liquidated, whether or not it is disputed, whether or not it involves or may involve the payment of money, whether as a debt or in damages, and whether it arises at common law, in equity, in tort by contract, or by statute in England or in any other jurisdiction, or by any order, judgment, decree or any other act of any court (including without limitation to the foregoing generality, the Court) and, in each case, regardless of whether the liability arises as a result of negligence or of any breach, including deliberate breach, of any obligation or in any other manner whatsoever.

**"Macquarie"** means Macquarie Bank Limited.

**"Notice of Claim"** means any claim submitted via the Voting Portal.

**"Notice of Completion"** means the notice to be sent by the Supervisors in accordance with clause 19 (*Completion or termination of the CVAs*).

**"Notice of Termination"** means the notice to be sent by the Supervisors in accordance with clause 19 (*Completion or termination of the CVAs*).

**"Ordinary Unsecured Arrangement"** means any contract, agreement, arrangement or relationship between an Ordinary Unsecured Creditor and any of the Companies under which an Ordinary Unsecured Liability arises.

**"Ordinary Unsecured Creditors"** means each Creditor to whom any of the Companies owes an Ordinary Unsecured Liability.

**"Ordinary Unsecured Liability"** means any Liability of any of the Companies to a Creditor other than any Liability owed to that creditor as a Compromised Creditor.

**"Parent"** means Calon Energy Limited (in administration).

**"Post-Administration Unsecured Liability"** means any Liability or Contingent Liability of a Company that has been incurred after the commencement of such Company's administration that is not an Administration Expense.

**"Preferential Creditors"** means any person to whom Preferential Liabilities are owed as at the Administration Date.

**"Preferential Creditors' Fund"** means the amount to be paid to each of the Preferential Creditors in respect of the Preferential Liabilities owed to them by a Company.

**"Preferential Liabilities"** means those Liabilities of a Company that are preferential within the meaning of the Insolvency Act.

**"Prescribed Part"** has the meaning give to it in paragraph 6 (*Prescribed Parts*) of schedule 3 (*Statutory and financial information*).

**"Prescribed Part Equivalent Fund"** means the amount to be distributed by each of the Companies to those Compromised Creditors with an Allowed Claim which shall be equivalent to the Administrators' estimate (calculated on or around the date that the Administrators vacate office) of each Prescribed Part which would have been payable were the Companies to remain in administration.

**"Proposals"** means the proposals of the Administrators for the CVAs (comprising these terms).

**"Redundancy Creditors"** means any Redundant Employee to whom a Company owes Redundancy Liabilities.

**"Redundant Employees"** means a current or former employee of a Company that has received a notice of redundancy in respect of his or her employment (whether or not the employment of that employee has ended) or any party subrogated to the position of a Redundant Employee.

**"Redundancy Liabilities"** means any Liability or Contingent Liability arising out of or in connection with the redundancy of a Redundant Employee that is not an Administration Expense or a Preferential Liability.

**"Sales Process"** has the meaning given to it in Paragraph 3.5 of Part I.

**"Secured Creditors"** means the Collateral Agent, the Administrative Agent, the Secured Lender and Macquarie Bank Limited.

**"Secured Lender"** means Beal Bank USA.

**"Secured Liabilities"** any Liability of a Company in respect of which the relevant creditor (including the Secured Creditors) holds Security over the assets of that Company.

**"Security"** shall have the meaning ascribed to it by section 248(b)(i) of the Insolvency Act.

**"Severn"** means Severn Power Limited (in administration).

**"Severn Power Station"** means Severn Power Station at Nash Road, Uskmouth, Newport, NP18 2BZ.

**"Shareholders"** means Sutton Bridge Power Systems London Limited (in administration) and Calon Energy (Severn) Limited (in administration).

**"Shareholders' Meetings"** means the meetings of the Shareholder of each of the Companies convened by the Nominees pursuant to section 3 of the Act and the Rules.

**"Statement of Claim"** means the claim amount entered on to the electronic voting system at [www.ips-docs.com](http://www.ips-docs.com) together with relevant supporting documentation or information by a CVA Creditor.

**"Successfully Resolved"** means, in relation to any Challenge Application, the resolution of such Challenge Application in favour of the relevant Company, or substantially in favour of the relevant Company.

**“Supervisors”** means jointly and severally the Administrators or such other person(s) as the CVA Creditors and Shareholders’ may elect to act as supervisor(s) of the CVAs or who is subsequently elected as supervisor in respect of the CVAs.

**“Sutton”** means Sutton Bridge Power Generation (in administration).

**“Sutton Bridge Power Station”** means Sutton Bridge Power Station, Sutton Bridge, Spalding PE12 9TF.

**“Transaction Security”** has the meaning given to it in Paragraph 5.1 of Part 1.

**“UK”** means the United Kingdom of Great Britain and Northern Ireland.

**“Unsecured Creditor”** means any person to whom the relevant Company owes an unsecured Liability or Contingent Liability as at the Decision Date.

**“VAT”** means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

**“Voting Portal”** means the website [ips-docs.com](http://ips-docs.com) which can be accessed using the login details provided in the letters sent to creditors.

## Schedule 2

### Corporate information

Corporate information	
Company Name:	Severn Power Limited
Registered Office Address:	KPMG LLP, 15 Canada Square, London, E14 5GL
Registered Number:	05392552
Date of Incorporation:	14-Mar-05
Trading Address:	Severn Power Station, West Nash Road, Nash Newport Gwent, NP18 2BZ
Shareholder:	Calon Energy (Severn) Limited

Corporate information	
Company name	Sutton Bridge Power Generation
Registered office address	KPMG LLP, 15 Canada Square, London, E14 5GL
Registered number	02586357
Date of incorporation	27-Feb-91
Trading address	Centenary Way, Sutton Bridge, PE12 9TF
Shareholder	Sutton Bridge Power Systems (London) Limited

## Schedule 3

### Statutory and financial information

#### 1. Assets & liabilities

- 1.1 The following financial information, so far as within the Administrators' immediate knowledge, and otherwise on the basis set out there, can be found in schedule 6 (Estimated outcome statements) and schedule 7 (Statement of Affairs) including:
  - (a) details of the Companies' assets, with an estimate of their respective values based on Directors' estimates; and
  - (b) the nature and amount of the Companies' Liabilities.
- 1.2 The Statement of Affairs prepared by the directors of the Companies has also been included to provide information regarding the assets and liabilities of the Companies at the Administration Date.

#### 2. Secured Creditors

- 2.1 The Secured Creditors have the benefit of Security, details of which can be found in schedule 4 (*Schedule of Security*) over all of the assets of the Companies.
- 2.2 As at 24 August 2020, the total Secured Liabilities of the Companies amount to approximately £346 million, consisting of approximately £340 million (\$430 million) pursuant to the Facilities Agreement and up to approximately £6 million pursuant to the Hedging Agreements. The individual amounts due to the Secured Creditors from each Company are shown in schedule 6 (*Estimated outcome statements*). The Secured Creditors also have the benefit of cross-guarantees provided by each of the Companies in respect of total Secured Liabilities due from the Companies.

#### 3. Preferential Creditors

- 3.1 All Preferential Creditors will be paid in full.

#### 4. Unsecured Creditors

- 4.1 The claims which appear in schedule 6 (Estimated outcome statements) are based on the statements of affairs submitted by the directors and the Administrators records of the Companies at the outset of the administrations.
- 4.2 In addition, we have included unsecured claims which we have become aware of during the administration process relating to contractual terminations claims.
- 4.3 We have not verified the validity of these claims and this is an estimate only.
- 4.4 We are aware that this may not include all Unsecured Creditors.

## **5. Connected Creditors**

- 5.1 It is necessary for the Proposals to set out details of Connected Creditors (within the meaning set out in the section 249 of the Insolvency Act).
- 5.2 The claims of any Company against another Company is a Connected Liability.
- 5.3 As at the Administration Date, the following are connected creditors to the Companies together with, where available, the approximate debt:
  - (a) Employee wage arrears, holiday pay arrears, statutory redundancy pay and contractual notice entitlements totalling approximately £36,000 in Severn and £48,000 in Sutton.
  - (b) Intragroup creditors which are owed £499,150,739 in Severn and £232,872,983 in Sutton as set out in Schedule 12.

## **6. Guarantees in respect of the Companies**

- 6.1 No guarantees are to be offered by the Administrators or any other persons in connection with the CVAs.

## **7. Prescribed Parts**

- 7.1 The Prescribed Part is a proportion of floating charge realisations set aside for unsecured creditors pursuant to section 176A of the Insolvency Act. The Prescribed Part applies to all floating charges created on or after 15 September 2003.
- 7.2 The Administrators' estimates (to the best of their knowledge and belief) of the values of the Prescribed Parts are set out in Schedule 6 (*Estimated outcome statements*).
- 7.3 Were the Companies to remain in administration or be placed into liquidation as a result of the rejection of the Proposals, the Administrators do not believe that any grounds exist to seek an order of the court under Section 176A(5) of the Insolvency Act 1986 to disapply any of the Prescribed Part.

## **8. Claims by an administrator or a liquidator**

- 8.1 The Administrators, to the best of their knowledge and belief, do not believe that there are any circumstances giving rise to the possibility, if any of the Companies should remain in administration or go into liquidation, of an application to the Court for an order in respect of any transaction which is or may be at an undervalue, a preference, an extortionate credit transaction or a void floating charge under sections 238, 239, 244 and 245 of the Insolvency Act in respect of any of the Companies.
- 8.2 It is not proposed to make provision for indemnifying the Companies in respect of any claims under these sections.

## **9. Fee disclosures and estimates**

- 9.1 The total amount of fees paid to KPMG in connection with the affairs of the Companies prior to the administrations was £2.0 million.



- 9.2 It is estimated that the total fees to be paid to the Administrators will amount to approximately £3.3 million.
- 9.3 It is estimated that the total fees to be paid to the Supervisors shall amount to £356,318 in Severn and £322,108 in Sutton.

## **10. Third party property**

- 10.1 The Secured Lender has agreed to make funds, totalling £300,000 in each of the Companies, available to the Enhanced Compromised Creditors by way of the Enhanced Compromised Creditors' Fund.
- 10.2 No other property from any third party is proposed to be included in the CVAs.

## Schedule 4

### Schedule of security

Security granted by the Companies					
Company	Created	Security Document	Person(s) Entitled	Secured liabilities	Charges
Sutton	25/03/2019	Debenture	HSBC Bank plc	Fixed charge: property located at Sutton Bridge Power Station, Centenary Way, Sutton Bridge, Spalding. Charge also includes plant, machinery, goodwill, uncalled capital and other unassigned assets.	Contains fixed charges, contains floating charge over all the property or undertaking of the Company. Also contains legal mortgage over all real property, investments, including shares.
Sutton	14/12/2017	Charge over accounts	HSBC Bank plc	Fixed charge: all accounts and investments	First fixed charge over accounts and first legal mortgage with respect to investments.
Sutton	30/04/2015	Debenture	HSBC Corporate Trustee Company (UK) Limited	Fixed and floating charge: property located at Sutton Bridge Power Station, Centenary Way, Sutton Bridge, Spalding. Charge also includes land and machinery, goodwill and uncalled capital and other unassigned assets. Assignment: all agreements	Contains fixed charges, contains first floating charge over all the property or undertaking of the Company.
Severn	25/03/2019	Debenture	HSBC Bank plc	Fixed charge: property located at Uskmouth Power Station, West Nash, Newport. Charge also includes plant, machinery, goodwill, uncalled capital and other unassigned assets.	Contains fixed charges, contains floating charge over all the property or undertaking of the Company.
Severn	14/12/2017	Charge over accounts	HSBC Bank plc	Fixed charge: all accounts and investments	First fixed charge over accounts and first legal mortgage with respect to investments.
Severn	30/04/2015	Debenture	HSBC Corporate Trustee Company (UK) Limited	Fixed charge: property located at Uskmouth Power Station, West Nash, Newport. Charge also includes plant and machinery, goodwill and uncalled capital and other unassigned assets.	Contains fixed charges, contains first floating charge over all the property or undertaking of the Company.

## Schedule 5

### Administrators' receipts and payments

Severn Power Limited - in Administration		
Abstract of receipts & payments		
Statement of affairs		From 24/08/2020 to
(£)		02/12/2020 (£)
65,600,000.00	FIXED CHARGE ASSETS	
	Property, plant & equipment	NIL
		NIL
	FIXED CHARGE COSTS	
	Legal fees - Preservation and asset realisations	(95,386.75)
	Contribution to SGTL costs	(29,865.04)
	Contractors & agents	(93,146.61)
	Preservation costs	(256,742.17)
	Holding costs	(501,605.36)
	Grid connection costs	(29,986.05)
	Wages & salaries	(5,170.32)
	Siemens	(1,829,700.00)
		(2,841,602.30)
(346,174,804.00)	FIXED CHARGE CREDITORS	
	Fixed charge creditor	NIL
		NIL
	ASSET REALISATIONS	
73,751.00	Accrued income (capacity and other)	NIL
284,747.00	Rates Refund	253,392.12
5,745,950.00	CO2 allowance	NIL
1,019,443.00	VAT refunds	NIL
1,927,606.00	Cash at bank	2,007,410.25
812,776.00	Insurance refund	NIL
		2,260,802.37
200,000.00	OTHER REALISATIONS	
	Cash collateral (Elexon)	NIL
	Other prepayments	2,551.17
	Secured Lender contribution to costs	4,862,251.99
	Pre-appointment VAT refund	602,482.88
		5,467,286.04
	COST OF REALISATIONS	
	Agents'/Valuers' fees	(10,526.00)
	Legal fees	(1,269.80)
	Statutory advertising	(79.00)
	Wages & salaries	(404,611.81)
	PAYE & NIC	(238,137.12)
	Bank charges	(20.00)
		(654,643.73)
(936,829.00)	UNSECURED CREDITORS	
(18,940,359.00)	Trade & expense	NIL
(499,150,739.00)	Other creditors	NIL
	Connected companies	NIL
		NIL
	DISTRIBUTIONS	
(290,000,002.00)	Ordinary shareholders	NIL
		NIL
(1,079,538,460.00)		4,231,842.38
	REPRESENTED BY	
	Floating charge VAT receivable	3,623.56
	Floating charge current	3,781,546.02
	Fixed charge VAT receivable	449,918.33
	Fixed charge VAT payable	(3,245.53)
		4,231,842.38

**Sutton Bridge Power Generation - in Administration****Abstract of receipts & payments**

Statement of affairs

(£)

From 24/08/2020 to

02/12/2020 (£)

	<b>FIXED CHARGE ASSETS</b>	
43,700,000.00	Property, plant and equipment	NIL
		NIL
	<b>FIXED CHARGE COSTS</b>	
	Legal fees - Preservation and asset real	(36,682.91)
	Contractors & agents	(37,927.64)
	Preservation costs	(641,765.28)
	Grid connection costs	(86,163.18)
	Insurance	(3,569.01)
	Wages & salaries	(201,527.18)
		(1,007,635.20)
	<b>FIXED CHARGE CREDITORS</b>	
(346,174,804.00)	Fixed charge creditor	NIL
		NIL
	<b>ASSET REALISATIONS</b>	
18,116.00	Book debts	NIL
2,446,215.00	CO2 allowance	NIL
29,751.00	Accrued income (capacity & other)	NIL
550,015.00	VAT refunds	NIL
5,236,179.00	Cash at bank	5,273,321.64
866,904.00	Insurance prepayments	NIL
		5,273,321.64
	<b>OTHER REALISATIONS</b>	
100,000.00	Cash collateral (Elexon)	NIL
	Beal contribution to costs	4,783,806.28
	Pre-appointment VAT refund	256,647.49
4,592,369.00	Milestone prepayments	NIL
		5,040,453.77
	<b>COST OF REALISATIONS</b>	
	Legal fees	(881.00)
	Statutory advertising	(79.00)
	Wages & salaries	(253,034.34)
	PAYE & NIC	(191,031.78)
	Bank charges	(45.00)
		(445,071.12)
	<b>UNSECURED CREDITORS</b>	
(1,198,725.00)	Trade & expense	NIL
(1,529,443.00)	Other creditors	NIL
(232,872,983.00)	Connected companies	NIL
(6,049,995.00)	CO2 allowance accrual	NIL
		NIL
	<b>DISTRIBUTIONS</b>	
(42,400,000.00)	Ordinary shareholders	NIL
		NIL
<b>(572,686,401.00)</b>		<b>8,861,069.09</b>
	<b>REPRESENTED BY</b>	
	Floating charge VAT receivable	390.55
	Floating charge current	8,720,701.56
	Fixed charge VAT receivable	139,976.98
		<b>8,861,069.09</b>

## Schedule 6

### Estimated outcome statements

Severn estimated outcome statement	Notes	NBV £'000	CVA £'000	Administration £'000
<b>Assets subject to fixed charge</b>	<b>1</b>			
<b>Assets subject to floating charge</b>	<b>2</b>			
Cash at bank		1,928	-	2,007
VAT refund		1,019	-	1,019
Insurance refund		813	-	-
Rates refund		285	-	253
Capacity market income		1,885	-	1,920
ETS allowances (carbon credits)		5,746	-	6,155
Stock		-	-	5,000
Other assets		24,308	-	-
<b>Less: cost of realisations</b>	<b>3</b>	-	-	(697)
<b>Funds available for preferential creditors</b>			-	<b>15,657</b>
Less: amounts due to preferential creditors			-	(100)
<b>Net property</b>			-	<b>15,557</b>
Less: prescribed part			-	(600)
<b>Available to unsecured creditors</b>			<b>600</b>	<b>600</b>
<b>Available to compromised creditors</b>			<b>300</b>	-
<b>Unsecured creditors</b>	<b>4</b>			
Critical Creditors		(115)	(361)	(361)
Compromised Creditors		(27,333)	(44,267)	(44,267)
Intragroup Creditors		(499,151)	(499,151)	(499,151)
<b>Total unsecured creditors</b>		<b>(526,599)</b>	<b>(543,779)</b>	<b>(543,779)</b>

Severn estimated outcome statement	CVA	Administration
<b>Pence in the £ return</b>		
Critical Creditors	100p	0.11p
Compromised Creditors	0.79p	0.11p
Intragroup Creditors	0.11p	0.11p

The above table shows the expected dividend(s) payable to CVA Creditors in the CVA compared to in the administration. While the above shows the Intragroup Creditors receive the same outcome as they would in the administration, they are expected to receive a marginally better outcome in the CVA as Critical Creditors will not be participating in the Prescribed Part Equivalent Fund and the costs of agreeing and distributing the Prescribed Part Equivalent Fund will not be deducted from this distribution (as they would in the administration). As such, we anticipate that all creditors will receive a better outcome in the CVA than in the administration.

Sutton estimated outcome statement	Notes	NBV £'000	CVA £'000	Administration £'000
<b>Assets subject to fixed charge</b>	<b>1</b>			
<b>Assets subject to floating charge</b>	<b>2</b>			
Cash at bank		5,236	-	5,273
VAT refund		550	-	550
Insurance refund		867	-	-
Rates refund		-	-	300
Capacity market income		1,816	-	1,850
Stock		-	-	5,000
ETS allowances (carbon credits)		2,446	-	2,616
Other assets		5,247	-	18
<b>Less: cost of realisations</b>	<b>3</b>		-	(722)
<b>Funds available for preferential creditors</b>			-	<b>14,885</b>
Less: amounts due to preferential creditors			-	(100)
<b>Net property</b>			-	<b>14,785</b>
Less: prescribed part			-	(600)
<b>Available to unsecured creditors</b>			<b>600</b>	<b>600</b>
<b>Available to compromised creditors</b>			<b>300</b>	<b>-</b>
<b>Unsecured creditors</b>	<b>4</b>			
Critical Creditors		(119)	(1,124)	(1,124)
Compromised Creditors		(13,878)	(29,676)	(29,676)
Intragroup Creditors		(232,873)	(232,873)	(232,873)
<b>Total unsecured creditors</b>		<b>(246,870)</b>	<b>(263,673)</b>	<b>(263,673)</b>

Sutton estimated outcome statement	CVA	Administration
<b>Pence in the £ return</b>		
Critical Creditors	100p	0.23p
Compromised Creditors	1.24p	0.23p
Intragroup Creditors	0.23p	0.23p

The above table shows the expected dividend(s) payable to CVA Creditors in the CVA compared to in the administration. While the above shows the Intragroup Creditors receive the same outcome as they would in the administration, they are expected to receive a marginally better outcome in the CVA as Critical Creditors will not be participating in the Prescribed Part Equivalent Fund and the costs of agreeing and distributing the Prescribed Part Equivalent Fund will not be deducted from this distribution (as they would in the administration). As such, we anticipate that all creditors will receive a better outcome in the CVA than the administration.

## Notes to the Estimated Outcome Statements

In order to allow creditors to assess and compare the outcomes of the CVAs to the alternative procedures available to the Companies, Estimated Outcome Statements have been prepared for each of the following scenarios:

- The CVAs are successfully implemented.
- The Proposals are rejected and the Companies remain in administration.

The following assumptions have been applied to the Estimated Outcome Statements:

1. As shown in Schedule 7 (*Statement of Affairs*), the estimated recoverable value which might be achieved for the fixed charge assets including plant, machinery, land and buildings results in a significant shortfall to the fixed charge holders. We have also obtained desktop appraisals of the Companies' plant and equipment and the Companies' land, from Gordon Brothers and Knights respectively. These appraisals have provided further confirmation that the value of the Companies' fixed charge assets are significantly less than the level of Secured Liabilities and as such, would not result in any surplus being available to the unsecured creditors.

Full details of the unsatisfied security granted by the Companies as at 24 August 2020 can be found in Schedule 4 (*Schedule of Security*). Furthermore, in considering the potential deficit, the Statement of Affairs did not include a provision for the Secured Liability owing to Macquarie which is included at an estimated value of £6 million.

2. The realisation estimate for stock was taken from a report provided by Gordon Brothers. The report was prepared on a desktop basis, and assumes the stock was realised in-situ. The associated stock's net book value is represented in the fixed charged asset net book value for accounting purposes.
3. The figures for floating charge costs of realisations are based on estimates provided by the Administrators and their agents.
4. The unsecured creditor figures are based on the statements of affairs submitted by the directors and the Administrators' records of the Companies at the outset of the administrations. In addition, we have included unsecured claims which we have become aware of during the administration process relating to contractual terminations claims that will crystallise in a CVA. We have not verified the validity of these claims and this is an estimate only. We are aware that this may not include all Unsecured Creditors.

## Schedule 7

### Statement of affairs

Sutton Statement of affairs as at 24 August 2020	Net Book Value	Estimated to Realise
	£'000	£'000
<b>Assets subject to fixed charge</b>		
Property, Plant and Equipment	144,638	43,700
Less: Amount(s) due to fixed charge holder(s)		
Beal loans	(329,324)	(329,324)
Beal accrued and unpaid interest	(16,851)	(16,851)
<b>Net deficit as regards fixed charge holders</b>		<b>(302,475)</b>
<b>Assets subject to floating charge</b>		
Trade debtors	18	18
Cash at bank	5,236	5,236
Cash collateral (elexon)	100	100
Intercompany debtors – Sutton Bridge Transactions Ltd	467	-
Intercompany debtors – Calon Energy (Baglan Bay) Ltd	37	-
Intercompany debtors – Baglan Operations Ltd	5,332	-
Intercompany debtors – Calon Energy (Investments) Ltd	7	-
Intercompany debtors – MPF Trustee Company No 2 Ltd	2	-
Milestone payments prepaid (GE)	4,592	4,592
Insurance prepayments	867	867
Other prepayments	525	-
Accrued income – capacity market	1,816	-
Accrued income – other	30	30
CO2 allowance – book value	2,446	2,446
VAT refunds	550	550
<b>Available for preferential creditors</b>		<b>13,839</b>
Less: amounts due to preferential creditors		-
<b>Net property</b>		<b>13,839</b>
Less: prescribed part		(600)
<b>Estimated total assets available for floating charge holders</b>		<b>13,239</b>

Sutton Statement of affairs as at 24 August 2020	Net Book Value	Estimated to Realise
	£'000	£'000
Debts secured by floating charges		(302,475)
<b>Net deficit as regards floating charge holders</b>		<b>(289,235)</b>
Add back: prescribed part		600
<b>Available to all unsecured creditors</b>		<b>600</b>
Trade creditors	(1,199)	(1,199)
Intercompany creditor – Calon Energy (Sutton Bridge) Ltd	(2,654)	(2,654)
Intercompany creditor – MPF Holdings Ltd	(198)	(198)
Intercompany creditor – Severn Power Ltd	(778)	(778)
Intercompany creditor – Sutton Bridge Power Systems	(151)	(151)
Revolving loan – Calon Energy Ltd	(156,193)	(156,193)
Loan from Calon Energy (Sutton Bridge) Ltd	(72,900)	(72,900)
CCL liability (through Baglan CCL group return)	(912)	(912)
CO2 allowance accrual	(6,032)	(6,032)
CO2 trading charges accrual	(18)	(18)



Accruals	(362)	(362)
Gross margin accruals	(256)	(256)
Provision for decommissioning	(5,219)	-
<b>Total unsecured creditors</b>	<b>(246,872)</b>	<b>(241,653)</b>
<b>Shortfall to unsecured creditors</b>		<b>(241,053)</b>
Deficit to fixed charge holders		(302,475)
Deficit to preferential creditors		-
Deficit to floating charge holders		(289,235)
<b>Estimated deficiency as regards creditors</b>		<b>(530,288)</b>
Issued and called up capital		(42,400)
<b>Estimated deficiency as regards members</b>		<b>(572,688)</b>

<b>Sutton Secured Creditor</b>	<b>Balance (£)</b>
Beal	(346,174,804)

<b>Sutton Shareholders</b>	<b>Balance (£)</b>
Calon Energy (Sutton Bridge) Limited	(42,400,000)

<b>Sutton Trade Creditors</b>	<b>Balance (£)</b>
General Electrical Global Services GmbH	(672,087)
South Holland District Council	(459,767)
Anglian Water Business (National) Limited	(32,384)
Vysiion	(21,072)
Tamoin Slu	(13,615)
Team Value & Rotating Services	(5,344)
National Grid Electricity System Operator Limited	(2,544)
Jenkins Plant Limited	(557)
Mobile Mini UK Limited	(134)
Elexon Daily	6,132
Lighthouse (UK) Limited	2,647
<b>Total</b>	<b>(1,198,725)</b>

<b>Severn Statement of affairs as at 24 August 2020</b>	<b>Net Book Value</b>	<b>Estimated to Realise</b>
	<b>£'000</b>	<b>£'000</b>
<b>Assets subject to fixed charge</b>		
Property, Plant and Equipment	228,362	65,600
Investments	7,000	-
Less: Amount(s) due to fixed charge holder(s)		
Beal loans	(329,324)	(329,324)
<b>Beal accrued and unpaid interest</b>	<b>(16,851)</b>	<b>(16,851)</b>
<b>Net deficit as regards fixed charge holders</b>		<b>(280,575)</b>
<b>Assets subject to floating charge</b>		
Cash at bank	1,928	1,928
Cash collateral (elaxon)	200	200
Assets under construction (SP& - primarily Siemens)	2,837	-
Intercompany debtors - Sutton Bridge Power Generation	795	-
Intercompany debtors - Willington Power Ltd	85	-
Intercompany debtors - Baglan Operations Ltd	4,327	-
Milestone payments prepaid (GE)	20,787	-
Insurance prepayments	813	813
Rates prepayments	285	285
Other prepayments	409	-
Accrued income - capacity market	1,885	-
Accrued income - other	74	74
CO2 allowance - book value	5,746	5,746
VAT refunds	1,019	1,019
<b>Available for preferential creditors</b>		<b>10,065</b>
Less: amounts due to preferential creditors		-
<b>Net property</b>		<b>10,065</b>
Less: prescribed part		(600)
<b>Estimated total assets available for floating charge holders</b>		<b>9,465</b>

<b>Severn Statement of affairs as at 24 August 2020</b>	<b>Net Book Value</b>	<b>Estimated to Realise</b>
	<b>£'000</b>	<b>£'000</b>
Debts secured by floating charges		(280,575)
<b>Net deficit as regards floating charge holders</b>		<b>(271,110)</b>
Add back: prescribed part		600
<b>Available to all unsecured creditors</b>		<b>600</b>
Trade creditors	(937)	(937)
Deferred income - Siemens (outage accomodation)	(192)	(192)
Intercompany creditor - Severn Gas Transportation Ltd	(3,394)	(3,394)
Intercompany creditor - Calon Energy (Severn) Ltd	(1,295)	(1,295)
Intercompany creditor - MPF Holdings Ltd	(1,751)	(1,751)
Intercompany creditor - Calon Energy Ltd	(26,055)	(26,055)
Loan from Calon Energy (Severn) Ltd	(446,763)	(446,763)
Loan from Severn Gas Transportation Ltd	(19,892)	(19,892)
CCL liability	(1,392)	(1,392)
CO2 allowance accrual	(9,134)	(9,134)
CO2 trading charges accrual	(28)	(28)
Accruals - milestone (Siemens)	(6,335)	(6,335)
Accruals - SP7 (Siemens)	(722)	(722)
Accruals - employee bonus	(343)	(343)
Accruals	(600)	(600)

Gross margin accruals	(193)	(193)
Provision for decommissioning	(7,571)	-
<b>Total unsecured creditors</b>	<b>(526,597)</b>	<b>(519,026)</b>
<b>Shortfall to unsecured creditors</b>		<b>(518,426)</b>
Deficit to fixed charge holders		(280,575)
Deficit to preferential creditors		-
Deficit to floating charge holders		(271,111)
<b>Estimated deficiency as regards creditors</b>		<b>(789,537)</b>
Issued and called up capital		(290,000)
<b>Estimated deficiency as regards members</b>		<b>(1,079,537)</b>

<b>Severn Secured Creditors</b>	<b>Balance (£)</b>
Beal	(346,174,804)

<b>Severn Shareholders</b>	<b>Balance (£)</b>
Calon Energy (Severn) Limited	(292,000,002)

<b>Severn Trade Creditors</b>	<b>Balance (£)</b>
Siemens Plc	(941,059)
National Grid Electricity System Operator Limited	(1,700)
ETR Advisory Ltd	(1,320)
Ramboll UK Ltd	(319)
Oasis (UK) Ltd (trading as Box-It-Wales)	(104)
Elxon Daily	7,565
Siemens Plc	107
Squire Patton Boggs (UK) LLP	2
<b>Total</b>	<b>(936,828)</b>

## Notes to the Statement of Affairs as at 24 August 2020

- 1) A List of the Security granted by the Companies can be found at Schedule 4 (*Schedule of security*).
- 2) The Statement of Affairs for the Companies have been prepared by the directors to account for net book value of assets and liabilities on the same basis as the management accounts.
- 3) The estimated book values are based on the management accounts for the Companies as at 24 August 2020. Preferential and unsecured claims in respect of employees were not included in the statement of affairs as employees had not been made redundant at the date of the administration appointment (24 August 2020). However, it is estimated that there will be preferential and unsecured claims related to employees made redundant during the administration or who have received a notice of redundancy during the administration. Estimates are provided in Schedule 6 (*Estimated outcome statement*).
- 4) The Connected Creditors are set out in Schedule 3 (*Statutory and financial information*).
- 5) The Secured Creditors in the directors Statement of Affairs references the creditor 'Beal' which is the Secured Lender however, the security is in fact registered with HSBC Bank Plc and HSBC Corporate Trustee Company (UK) Limited as Collateral Agent and as such represents the secured creditor of the Companies. We note that Macquarie are also a secured creditor, however, on the date of the Administrators appointment the balance owed to Macquarie was unknown and as such was not included on the statement of affairs. Their indebtedness is estimated to total approximately £6 million.
- 6) For a list of CVA creditors, see this Schedule 7 (*Statement of affairs*).
- 7) Details of the Shareholders are set out in Schedule 1 (*Definitions and interpretation*).
- 8) References to the assets "CO2 allowances" in the Directors' Statement of Affairs refer to ETS allowances.

## Schedule 8

### Supervisors & addresses for notices

Name	Role	Authorising Body	Addressee for notices
James Tucker	Supervisor	ICAEW	KPMG LLP, 15 Canada Square, London, E14 5GL
David Pike	Supervisor	ICAEW	KPMG LLP, 15 Canada Square, London, E14 5GL
Severn Power Limited	Company	N/A	KPMG LLP, 15 Canada Square, London, E14 5GL
Sutton Bridge Power Generation	Company	N/A	KPMG LLP, 15 Canada Square, London, E14 5GL

## Schedule 9

### KPMG LLP charge-out rates

#### Average KPMG Charge-out Rates

1. The time charged to the CVAs is by reference to the time properly given by the Supervisors and their staff in attending to matters arising in connection with, or as part of the implementation of the CVA.
2. It is the Supervisors' policy to delegate tasks in the CVA to appropriate members of staff considering their levels of experience and any requisite specialism, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the Supervisors themselves. Work carried out by all staff is subject to the overall supervision of the Supervisors.
3. In addition to the Supervisors' restructuring staff, the Supervisors may, on occasion, utilise the services of specialist departments within the Supervisors' firm, such as tax. Those departments will charge hours when the Supervisors require their advice.
4. All time spent by staff working directly on case-related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown below.

Level	Hourly rate (£)
Partner	920
Associate Partner / Director	810
Senior Manager	710
Manager	565
Senior Administrator	415
Junior Administrator	315
Secretarial Assistance	157

## Schedule 10

### Schedule of Critical Contracts

Contract Date	Company	Critical Creditor	Contract description
17/03/1997	Sutton	A and R Bateman	Deed of grant dated 17 March 1997 in respect of overhead electricity lines.
05/04/1994	Sutton	A Hoyles & W Patterson	Deed of grant dated 5 April 1994 in respect of overhead electricity lines as varied by a deed of rectification dated 21 March 1995– overhead electricity lines
05/04/1994	Sutton	A Laming	Deed of Grant dated 5 April 1994 in respect of overhead electricity lines
20/05/1997	Sutton	ALIH (Farms) Ltd / ALIH (Properties) Ltd / Land Improvement Holdings PLC (Now: Trustees of the Henry Smith Charity as to part, South Holland Internal Drainage Board as to part)	Deed of grant of easements dated 20 May 1997 in respect of gas, oil, sewerage and water pipelines
01/08/1997	Sutton	Anglian Water Services Limited	Water supply agreement
31/03/2010	Sutton	EDF Energy (Sutton Bridge Power) / EDF Energy (West Burton Power) Ltd	Transfer agreement
30/01/2005	Sutton	EDF Energy (Sutton Bridge Power)/ South Holland Internal Drainage Board	Deed of covenant dated 30 January 2005
n/a	n/a	Elxon Ltd	Liabilities arising under the balancing and settlement code and any related agreements.
n/a	n/a	Elxon Ltd	Liabilities arising under the balancing and settlement code and any related agreements.
31/03/1994	Sutton	EW Bell & Co	Deed of grant dated 31 March 1994 in respect of overhead electricity lines
14/09/1998	Sutton	H & S Markillie	Deed of grant dated 14 September 1998 in respect of overhead electricity lines as varied by a supplemental deed dated 14 March 2000
01/09/2004	Sutton	H & S Markillie and EDF Energy (Sutton Bridge Power)	Licence to lay and use water and gas pipes dated 1 September 2004
04/07/1994	Sutton	H Prins Limited / National Westminster Bank Plc	Deed of grant dated 4 July 1994 in respect of overhead electricity lines
TBC	Severn	Her Majesty the Queen and the Crown Estate Commissioners	Lease of rights relating to foreshore on River Usk (Pending Completion)
18/09/2001	Sutton	National Grid / Secretary of State	Bilateral grid connection agreement
04/11/2005	Severn	National Grid / Secretary of State	Bilateral grid connection agreement
31/03/1990	Severn	National Grid Company	Interface Agreement dated 31 March 1990 (1990 Interface agreement)
24/02/2010	Severn	National Grid Electricity Transmission PLC	Interface agreement dated 24 February 2010 (NGET Interface Agreement)

Contract Date	Company	Critical Creditor	Contract description
01/01/2019	Severn	National Grid Electricity Transmission PLC	Contract for the Provision of High Voltage Maintenance services dated 1 January 2019
01/04/2020	Sutton	National Grid Electricity Transmission PLC	Contract for the Provision of High Voltage Maintenance services dated 1 April 2020
01/07/1999	Sutton	National Grid Gas PLC	Lease Part of Sutton Bridge Gas Off-Take Compound dated 1 July 1999
05/01/2009	Severn	Network Rail Infrastructure Ltd / Welsh Power Ltd	NRIL lease of easement dated 5 January 2009
04/05/2020	Sutton	Npower Limited	Agreement for the Supply of Electricity dated 4 May 2020
30/03/1990	Severn	South Wales Electricity Board	SWEB license to retain assets dated 30 March 1990
02/02/1951	Severn	The British Transport Commission and the British Electricity Authority	Pipeline agreement
19/09/2008	Severn	The Crown Estate Commissioners / Welsh Power Limited	TCE Lease of Easement dated 19 September 2008
No document between parties	Severn	The Most Puissant Mark Andrew Tudor Lord Marcher Of Trelleck	No document between the parties but Lord Trelleck has interests in "ands parcel of the demesne, common and waste lands of Lordship Royal or Royalty of Rumney"
12/05/1997	Sutton	The National Grid Company plc	Deed of Grant dated 12 May 1997 in respect of overhead electricity lines.
20/06/1950	Severn	The Newport Harbour Commissioners and the British Electricity Authority	Pipeline agreement
19/03/2008	Severn	Uskmouth Power company Limited	Two Leases of Land at Uskmouth Power station
06/03/2009	Severn	Uskmouth Power Company Limited	Interface Agreement dated 6 March 2009
04/01/2008	Severn	Uskmouth Power Company Limited	Real estate agreement dated 4 January 2008
19/11/2012	Severn	Uskmouth Power Company Limited	Deed of grant dated 19 November 2012 made between (1) Uskmouth Power Company Limited, (2) Severn Gas Transportation Limited and Severn Power limited

Note: For the avoidance of doubt, these Proposals will not amount to a surrender of the environmental permits in place at Sutton and Severn.



## Schedule 11

### Schedule of guarantees

Below are details of guarantees of obligations of the Companies. Each of the guarantors is a person connected to each of the Companies within the meaning of rule 2.31(m) of the Insolvency Rules (England and Wales) 2016.

Liability	Guarantor	£' million
The liabilities of the Companies under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Willington Power Limited (company no. 10125876)	346.0
The liabilities of the Companies under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Calon Energy (Sutton Bridge) Limited (company no. 08296825)	346.0
The liabilities of the Companies under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Calon Energy (Baglan Bay) Limited (company no. 08249830)	346.0
The liabilities of the Companies under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Calon Energy (Severn) Limited (company no. 08786682)	346.0
The liabilities of the Companies under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Sutton Bridge (Transactions) Limited (company no. 06978551)	346.0
The liabilities of the Companies under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Sutton Bridge Power Systems Holdings Limited (company no. 03812284)	346.0
The liabilities of the Companies under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Sutton Bridge Investors Limited (company no. 03398665)	346.0
The liabilities of the Companies under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Sutton Bridge Power Systems (London) Limited (company no. 03064440)	346.0
The liabilities of the Companies under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Baglan Generating Limited (company no. 03689741)	346.0
The liabilities of the Companies under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Baglan Operations Limited (company no. 03882153)	346.0
The liabilities of the Companies under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Severn Gas Transportation Limited (company no. 05121224)	346.0
The liabilities of Sutton Bridge Power Generation under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Severn Power Limited (company no. 05392552)	346.0
The liabilities of Severn Power Limited under the finance documents entered into with or given in favour of certain and/or all of the Secured Creditors	Sutton Bridge Power Generation (company no. 02586357)	346.0
The liabilities of Severn Power Limited (in administration) in respect of an operations and maintenance agreement with Siemens PLC dated on or	MPF Holdings Limited (company no. GBJE111595 – Jersey registered)	Unascertained

Liability	Guarantor	£' million
around 28 March 2008		
The liabilities of Severn Power Limited (in administration) in respect of deferral payment agreement with Siemens PLC dated on or around 25 March 2019	MPF Holdings Limited (company no. GBJE111595 – Jersey registered)	Understood to be Nil
The liabilities of Sutton Bridge Power Generation (in administration) in respect of a deferral payment agreement with (amongst others) General Electric Global Services GMBH and IGE Energy Services (UK) Limited dated on or around 25 March 2019	MPF Holdings Limited (company no. 111595 – Jersey registered)	Understood to be Nil

## Schedule 12

### Intragroup creditors

Severn schedule of Intragroup creditors	
Intragroup creditor	Balance (£)
Severn Gas Transportation Limited	23,286,340
Calon Energy (Severn) Limited	448,058,314
Calon Energy Limited	26,054,660
MPF Holdings Limited	1,751,425
<b>Total</b>	<b>499,150,739</b>

Sutton schedule of Intragroup creditors	
Intragroup creditor	Balance (£)
Calon Energy (Sutton Bridge) Limited	75,553,669
Severn Power Limited	777,506
Sutton Bridge Power Systems (London) Limited	151,097
Calon Energy Limited	156,192,661
MPF Holdings Limited	198,050
<b>Total</b>	<b>232,872,983</b>

IN THE HIGH COURT OF JUSTICE

No. 003521 of 2020 29 Dec 2020



BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

INSOLVENCY AND COMPANIES LIST (Ch D)

IN THE MATTER OF: SEVERN POWER LIMITED (Registered Number: 05392552)

CR-2020-003521

COMPANY VOLUNTARY ARRANGEMENT under Part I of the Insolvency Act 1986 (as amended)

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### **CHAIR'S REPORT**

**of the Creditors' Decision Procedure and of the Meeting of Members of the Company  
in relation to a Proposal for a Company Voluntary Arrangement (the 'Proposal')**

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**THIS REPORT** is made by David Pike, licensed insolvency practitioner and partner in KPMG LLP, 15 Canada Square, London, England, E14 5GL (the 'Chair'), and one of the Joint Supervisors of the voluntary arrangement of the Company, pursuant to the provisions of Section 4(6) of the Insolvency Act 1986 (the 'Act') and Rule 2.38 of the Insolvency (England and Wales) Rules 2016 (the 'Rules') and is the Chair's Report on the result of the creditors' decision procedure and the meeting of members of the Company contemplated by such Section and Rule.

#### **1. CREDITORS' DECISION PROCEDURE**

- 1.1. Pursuant to Section 3 of the Act, a decision of creditors was taken at 23.59 on 24 December 2020 by way of electronic voting.
- 1.2. The legislation which deals with company voluntary arrangements is contained in Part I of the Act.
- 1.3. As convener of the decision procedure, the convener confirms that there were no objections to the notice of the decision procedure and the Proposal, all as despatched to creditors and members on 7 December 2020.
- 1.4. The convener confirms that creditors were asked if they wished to propose any modification to the Proposal. None did so.
- 1.5. The following decision was proposed.
  - (a) *"That the proposed voluntary arrangement be approved"*.
- 1.6. Set out in Appendices 1 to 3 are summaries and lists of the creditors (with their respective values), showing how they voted on the decision set out at para 1.5(a).
- 1.7. The requisite majority to approve a decision is three-quarters or more in value of creditors voting on the decisions voting in favour. Having regard (inter alia) to the provisions of Rule 15.34, the convener confirms the decision set out at para 1.5(a) was passed.

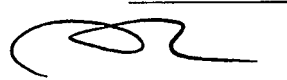
#### **2. MEETING OF THE SHAREHOLDERS**

- 2.1. Pursuant to Section 3 of the Act, the meeting of the Shareholders was held at 10:00 am on 29 December 2020.

- 2.2. The Chair noted that the legislation which deals with company voluntary arrangements was contained in Part I of the Act.
- 2.3. The Chair noted that as convenor of the meeting and pursuant to Rule 2.34 he was Chair thereof. The Chair asked whether there was any objection to the notice of meeting and the Proposal all as despatched to creditors and members on 7 December 2020 being taken as read and there was none.
- 2.4. The following resolution (the 'Members' Resolution') was then proposed:  
(a) *"That the proposed company voluntary agreement be approved".*
- 2.5. Set out in Appendix 4 to this report is a list of the members (with their respective values) who were present or represented at the meeting, showing how they voted on the Members' Resolution, being the decision set out at para 2.4(a).
- 2.6. It was noted that the Members' Resolution was to be regarded as passed if voted for by more than one-half in value (determined by reference to the number of votes conferred on each member by the Company's Articles of Association) of the members present in person or by proxy and voting on the Members' Resolution. Having regard (inter alia) to the provisions of Rule 2.36, the Chair declared the Members' Resolution passed.
- 2.7. Accordingly, the Proposal was approved by the members.

### 3. EC Regulation on Insolvency Proceedings

- 3.1. In the opinion of the Joint Supervisors, the EC Regulation on Insolvency Proceedings applies to the voluntary arrangement and these proceedings are main proceedings as defined by Article 3 of that regulation for the following reasons: the company is incorporated in England and Wales and the company's registered office is situated in England which is the place where the company conducts the administration of its interests on a regular basis as ascertainable by third parties.



Signed: \_\_\_\_\_

Dated: 29 December 2020

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David Pike

Convenor of the Creditors Decision Procedure/Chair of the Company Meeting

## Severn Power Limited – under a Voluntary Arrangement

### Appendix 1

#### Details of voting on decision at para 1.5 (a)

Voting in respect of decision 'that the proposed voluntary arrangement be approved':

	£	% of voting creditors
Creditors voting in favour of the above decision (listed in Appendix 2)	626,772,296	100%
Creditors voting against the above decision (listed in Appendix 3)	-	0%
<b>Total creditor votes</b>	<b>626,772,296</b>	
Creditors abstaining from voting on the decision	1,392,278	

*The above figures include voting by connected creditors. The table below summarises the voting position excluding the connected creditors.*

	£	% of voting creditors
Creditors voting in favour of the above decision (listed in Appendix 2)	127,582,275	100%
Creditors voting against the above decision (listed in Appendix 3)	-	0%
<b>Total creditor votes</b>	<b>127,582,275</b>	
Creditors abstaining from voting on the decision	1,392,278	

## **Severn Power Limited – under a Voluntary Arrangement**

### **Appendix 2**

#### **List of creditors voting “for” decision at para 1.5 (a)**

<b>Unconnected creditors</b>	<b>Voting value £</b>
Beal Bank	100,215,000
ETR Advisory Limited	2,640
Siemens PLC	27,364,635
<b>Total unconnected votes</b>	<b>127,582,275</b>
<b>Connected creditors</b>	<b>Voting value £</b>
Calon Energy (Severn) Limited	448,058,314
Calon Energy Limited	26,054,660
MPF Holdings Limited	1,751,425
Severn Gas Transportation Limited	23,286,340
Employee	14,757
Employee	2,845
Employee	3,269
Employee	8,113
Employee	10,298
<b>Total connected votes</b>	<b>499,190,021</b>
<b>Total creditors voting in favour</b>	<b>626,772,296</b>

**Severn Power Limited – under a Voluntary Arrangement**

**Appendix 3**

**List of creditors voting “against” decision at para 1.5 (a)**

<b>Unconnected creditors</b>	<b>Voting value (£)</b>
Total unconnected votes	<u>NIL</u>
<b>Connected creditors</b>	<b>Voting value (£)</b>
Total connected votes	<u>NIL</u>
<b>Total creditors voting against</b>	<u><u>NIL</u></u>



## Severn Power Limited – under a Voluntary Arrangement

### Appendix 4

#### Details of shareholders present or represented and voting “for” decision at para 2.4(a)

	Shareholding value (£)
Calon Energy (Severn) Limited	290,000,002
Total	<u>290,000,002</u>

#### Details of shareholders present or represented and voting “against” decision at para 2.4(a)

	Shareholding value (£)
Total	<u>NIL</u>

#### Details of shareholders present or represented and ‘abstaining’ from voting either for or against decision at para 2.4(a)

	Shareholding value (£)
Total	<u>NIL</u>