

The Joint Administrators would like to clarify the position with regard to the c£33m which may become available to the creditors and investors of the Companies in certain circumstances.

Potential CVAs of the Companies

As investors and creditors will be aware from the Joint Administrators' Proposals, approximately £33m is currently held by solicitors for the benefit of investors. All but £1m of these funds represent the net proceeds of sale of a car park at Luton Airport that had been owned by London Luton Airport Parking Limited ("Luton"), which is part of the Group First Group.

I have been informed that Luton has certain contractual obligations to advance these funds to pay liabilities owed under Buyback Agreements, although the funds may instead be used as agreed between Luton and the FCA.

The remaining £1m was paid into a solicitors' client account by Mr Whittaker as security for obligations owed under Buyback agreements.

Subject to the agreement of the FCA, Luton and Mr Whittaker have confirmed that the c£33m will be contributed into the proposed Company Voluntary Arrangements ("CVAs") for the Companies such that those funds would be immediately available to the creditors and investors of the Companies.

In discussions between the Joint Administrators and the FCA with regard to these potential CVAs of the Companies the FCA has indicated that it will allow the release of these funds into CVAs for the benefit of the creditors and investors of the Companies should the FCA conclude that is the appropriate action for it to take. On this basis the Joint Administrators are working with the firm intention of proposing CVAs which will be such as will have the maximum opportunity of gaining the approval of the FCA. The Joint Administrators will be working closely with the FCA in drafting appropriate terms for these CVAs.

Potential immediate Liquidation of the Companies

As indicated in the Joint Administrators' Proposals, should the Companies proceed immediately into liquidation, such as would be the case should the creditors vote in favour of the Proposed Modifications to the Joint Administrators' proposals, then the directors of Luton and Group First Group would not agree for the c£33m being made available to the creditors and investors of the Companies.

The point has been made that this lack of agreement by the directors of Luton and Group First Group does not mean that these funds will not become available to the creditors and investors of the Companies. However:

- Without the agreement of Luton and Group First Group these funds will only become available to the creditors and investors of the Companies should legal proceedings bring about that result.
- If, following legal proceedings, these funds did become available to the creditors and investors of the Companies then this may take 2 years.
- The defendants in those legal proceedings may be allowed to use some of those funds in defence of those proceedings.

- Any such legal proceedings may settle for an amount less than £33m, and
- The defendants may be ultimately successful in defending those legal proceedings.

Potential outcomes other than CVAs or liquidations

As stated in the Joint Administrators Proposals there are other potential outcomes for the creditors and investors of the Companies which the joint administrators are also considering, but these are not considered here. This note is purely to consider the position of the c£33m as between the CVA and the Liquidation outcomes. These are the 2 outcomes which have been most discussed and analysed by creditors, investors and commentators with regard to the administrations of the Companies. However, it is worth noting that the directors of Luton and Group First Group have stated that they will not agree to the c£33m being made available to the creditors and investors of the Companies other than through the CVA route.

The conclusion of the Joint Administrators with regard to making the c£33m available to the creditors and investors of the Companies.

On the basis of the above the Joint Administrators believe that creditors and investors of the Companies will get the opportunity to receive the financial benefit of the c£33m more quickly and with more certainty if they vote in favour of the Joint Administrators Proposals. If they do so, the directors of Luton and Group First Group are agreeable to making those funds immediately available as contributions into the proposed CVAs of the Companies for the financial benefit of the creditors and investors of the Companies. Clearly, it will be up to the investors and the creditors of the Companies to vote as they deem fit with regard to any financial outcomes proposed to them by the administrators of the Companies including with regard to any potential subsequent CVAs. It is the votes of the investors and the creditors of the Companies which will determine the outcome for the Companies.