

NMC HOLDING LIMITED – IN ADMINISTRATION

Joint Administrators' seventh progress report

For the period from 20 August 2023 to 19 February 2024

15 March 2024

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1 Executive summary

Overview

Richard Fleming and Benjamin Cairns of Alvarez & Marsal Europe LLP (“A&M”) were appointed as Joint Administrators (the “Joint Administrators”/“we”/“our”/“us”) of NMC Holding LTD (the “Company”) on 27 September 2020 by order of the Commercial and Civil Division of the Abu Dhabi Global Market (“ADGM”) Court, pursuant to the ADGM Insolvency Regulations 2015 (“IR15”).

By way of reminder, the administration of the Company followed on from the insolvency and resulting administration of its former ultimate beneficial owner (“UBO”), NMC Health PLC (in administration in England and Wales) (“PLC”), on 9 April 2020. Upon our appointment, PLC was, via the Company, the UBO of NMC Healthcare LTD in ADGM administration (“LTD”). Prior to and during the administration process to 25 March 2022, LTD and its former subsidiaries made up the majority of the NMC Healthcare Group’s trading activities in the Middle East (the “Group”).

During the period, a new holding structure was set up and PLC transferred its ownership of equity shareholdings in the Company and LTD to Sapphire Holdco Limited which is domiciled in the ADGM. This change has no impact on creditors or their rights.

The Company is a non-trading intermediary holding company within the Group and, together with 35 other ADGM-based Group companies (the “Other Administration Companies”) was placed into ADGM administration on 27 September 2020. The Other Administration Companies includes LTD, in which the Company holds a 69.4% shareholding.

The 35 Other Administration Companies underwent a restructuring with a Restructuring Effective Date of 25 March 2022 (“RED”) by way of entering into deeds of company arrangement (“DOCA”). No DOCA was proposed for the Company because it did not directly control any assets required for the operation of the healthcare business of the Group. Please see the NMC website (<https://nmc.ae/en/investor-relations/stakeholder-information>) for further information in respect of the restructuring as a whole.

This progress report covers the administration of the Company in respect of the period from 20 August 2023 to 19 February 2024.

Claims against wrongdoers

As previously reported, substantial claims were submitted in the prior reporting period. Please see section 2.2.1 for further information.

Anticipated outcome for creditors

We would comment in relation to the anticipated outcome for each class of creditor as follows:

- **Secured:** we are not aware of any security registered against the Company or any of its assets.
- **Preferential:** we are not aware of any preferential claims against the Company.
- **Unsecured:** the anticipated outcome for unsecured creditors remains uncertain whilst the claims filed are in the early stages.

Please note you should read this progress report in conjunction with our previous progress reports and proposals which were issued to the Company’s creditors and are available on the Portal. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT. All amounts in this progress report stated in ‘\$’ are in U.S. Dollars (“USD”).

and any conversions from United Arab Emirates Dirhams (“**AED**”) have been made at the Central Bank of United Arab Emirates closing rate on 19 February 2024.

A handwritten signature in black ink, appearing to read 'R Fleming', with a stylized flourish at the end.

Richard Fleming
Joint Administrator

2 Strategy and progress of the administration to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals and previous progress reports.

2.1 Strategy

We have not become aware of any further assets of the Company since our last report. The key asset of the Company remains the ongoing investigation work and claims which have been issued (see Section 2.2.1 below).

2.1.1 Administration funding

As part of the DOCAs, on RED, an amount of cash was retained by LTD to cover the estimated ongoing costs of the administration of LTD and of the Company.

2.1.2 Stakeholder communication

We are continuing to actively engage with stakeholders. As mentioned previously we have established a dedicated email address (INS_NMCADGM@alvarezandmarsal.com) for creditor queries. This email address is monitored daily (during the UK working week) and any queries are responded to as soon as practicable.

Since our appointment, we have received over 30,000 emails in relation to the Group. In addition, any key documents are uploaded to the NMC website (<https://nmc.ae/en/investor-relations/stakeholder-information>), as well as the insolvency portal (the 'Portal') in accordance with the Court order dated 16 October 2020. All creditors have access to the Portal which notifies creditors when a new document is uploaded.

2.2 Asset realisations

The Company has had no asset realisations during the period of this report or, indeed, since the date of our appointment.

2.2.1 Claims against wrongdoers

We continue to pursue potential high value recoveries in relation to the fraudulent activity and undisclosed lending which affected the Group and have been developing potential claims based on the evidence gathered to date.

In relation to the substantial claims filed by the Company along with LTD in the ADGM Court, service has been effected and accepted by all defendants. An initial case management conference ("CMC") was held on 14 February 2024 and a further CMC is due to be held on 6 June 2024. There will also be a hearing on 3 June 2024 which will consider one of the defendant's application for a preliminary determination of certain specific issues.

An ATE insurance policy has been taken out in order to cover any costs award which may be made against the Company and/or LTD if it is unsuccessful in the claims it has filed.

We are exploring the potential for the need to secure external litigation funding. While that is under review, LTD has agreed to pay the costs incurred by Holding under a loan arrangement.

If you wish to bring to our attention any matters which you believe to be relevant to our investigations, please do so by emailing INS_NMCHP_investigations@alvarezandmarsal.com.

2.2.2 Confidentiality protocol

Please refer to previous reports for more information in relation to the Confidentiality Protocol.

The Confidentiality Protocol has been terminated by the companies no longer in administration but continues for the Company and LTD. The Company is also party to an information sharing protocol with LTD and PLC.

Under the DOCAs, there is an agreement between the Company, LTD and the new group that we continue to have access to the relevant information of the entities which have exited administration for the purposes of pursuing claims against wrongdoers.

2.3 Costs

2.3.1 Payments

No payments have been made by the Company in the period of this report. A record is being kept of costs paid by LTD that relate to the Company. The reimbursement of LTD in respect of such costs will be made at a future point in time, should the Company make sufficient realisations.

2.4 Schedule of expenses

It is not possible to disclose expenses incurred that are directly attributable to the Company. This is because of the collective ADGM approach that has been taken to our restructuring work and the fact that the administration funding for the Group companies was operated on a central basis and, post RED, a record is being kept of costs paid by LTD that relate to the Company. The reimbursement of LTD in respect of such costs will be made at a future point in time, should the Company make sufficient realisations.

3 Dividend prospects

3.1 Secured creditors

We are not aware of any security registered against the Company or its assets.

3.2 Preferential creditors

We are not aware of any preferential claims against the Company.

3.3 Unsecured creditors

We are aware of and have received unsecured claims that have been made against the Company in relation to guarantees it has provided against the financial debt of the Group. If there are funds available for distribution, we will write to all known creditors requesting them to submit a proof of debt and supporting evidence at the appropriate time.

To the extent that there are valid unsecured claims against the Company, at present it is not possible to comment on dividend prospects. The quantum and timing of any return will be dependent on any recoveries made in relation to claims filed by the Company.

4 Other matters

4.1 Ownership structure

During the period, a new holding structure was set up and PLC transferred its ownership of equity shareholdings in LTD and Holding to Sapphire Holdco Limited which is domiciled in the ADGM. This change has no impact on creditors or their rights.

5 Joint Administrators' remuneration and disbursements

5.1 Joint Administrators' remuneration and category 2 expenses

5.1.1 Basis of remuneration and disbursements

During the administration, the general body of creditors provided approval by way of the meeting held by correspondence on 6 December 2020 that:

- our remuneration be fixed by reference to the time properly given by us and the various grades of our staff in attending to matters arising in the administration in accordance with the charge-out rates provided in our Proposals; and
- disbursements for services provided by A&M will be charged in accordance with A&M's policy as set out in Appendix 3 to our Proposals.

5.1.2 Time costs

During the period we have incurred time costs of \$118,941. These represent 115.8 hours at an average rate of \$1,027 per hour.

5.1.3 Remuneration

During the period, we have drawn remuneration totalling \$210,047 which has been paid by LTD.

5.1.4 Disbursements

No disbursements have been incurred during the period of this report.

5.1.5 Additional information

We have included in Appendix 4, in addition to our charge-out rates for each grade of staff, a summary of the cumulative time costs to 19 August 2023. We have also set out our charging policy.

6 Future strategy

6.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- complying with our statutory duties;
- continuing to pursue claims against wrongdoers as detailed above and in previous reports, in order to maximise returns to creditors; and
- when appropriate, taking steps to conclude the administration.

6.2 Discharge from liability

We will seek approval from the ADGM Court that we will be discharged from liability in respect of any action as Joint Administrators upon filing of our final receipts and payments account with the ADGM Registrar.

Discharge does not prevent the exercise of the ADGM Court's power in relation to any misfeasance action against us.

6.3 Future reporting

We will provide a further progress report within one month of 19 February 2025 or earlier if the administration has been completed prior to that time.

Appendix 1 – Statutory information

Company information

Company name	NMC Holding Ltd (in administration) (formerly known as NMC Holding L.L.C., with licence number CN-1210596)
Date of incorporation	29 May 2011
Company registration number	000004211
Present registered office	DD # 16 – 109 – 002 16th Floor, WeWork Hub71, Al Khatem Tower, ADGM square, Al Maryah Island, Abu Dhabi, United Arab Emirates
Company directors	David John Hadley
Shares held by directors	None
Company secretary	None

Administration information

Administration appointment	The administration appointment granted in the Abu Dhabi Global Market Courts, Court of First Instance, Commercial and Civil Division, application number ADGMCFI-2020-02
Appointor	The Company
Date of appointment	27 September 2020 (with effect from 18:24 GST)
Joint Administrators	Richard Fleming and Benjamin Cairns of Regus, ADGM Square, Al Maqam Tower, 34th & 35th Floor, Maryah Island, PO Box 35665, Abu Dhabi, United Arab Emirates
Joint Administrators' contact details:	INS_NMCADGM@alvarezandmarsal.com
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Section 145(2) of the IR15. For the purposes of Section 69(1)(c) of IR15, any act required or authorised to be done by either or both Joint Administrators in respect of the Companies
Current administration expiry date	26 September 2024

Appendix 2 – Receipts and payments account

The Company has not traded or had any receipts or payments during the administration.

Appendix 3 – Schedule of expenses

A3.1 Schedule of expenses

Other than the disclosure of our fees, it is not possible to disclose expenses incurred that are directly attributable to the Company. This is because of the collective ADGM approach that has been taken to our restructuring work and the fact that the administration funding has been operated on a central basis. A record is being kept of costs paid by LTD that relate to the Company. The reimbursement of LTD in respect of such costs will be made at a future point in time, should the Company make sufficient realisations.

A3.2 Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Maria French at INS_NMCADGM@alvarezandmarsal.com.

Appendix 4 – Charging policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT and investigations by A&M in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, 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 us.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£/hour)

Grade	From 27 September 2020
Managing Director	667 – 1,231
Senior Director	690 – 1,169
Director	460 – 1,081
Associate Director	388 - 863
Senior Associate	300 - 744
Associate	302 - 563
Analyst	173 - 319
Support	238

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the office holders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such disbursements are defined as follows:

- *Category 1 disbursements:* These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.
- *Category 2 disbursements:* These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They

may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

We have the authority to pay disbursements without the need for any prior approval from the creditors of the Company.

Time costs incurred

Set out below are details of time costs we and our team have incurred during the period of this report, as well as cumulative time costs since our appointment.

- Period of report (20 September 2023 to 19 February 2024): time costs of \$118,941 representing 115.8 hours at an average hourly rate of \$1,027.
- Cumulative (27 September 2020 to 19 September 2023): time costs of \$2,236,766 representing 3,840.8 hours at an average hourly rate of \$582.

Narrative for the period from 20 September 2023 to 19 February 2024

Type of work	Narrative description of work
Engagement control	<ul style="list-style-type: none"> ▪ Formulating, monitoring and reviewing the administration strategy. ▪ Briefing our staff on the administration strategy and matters in relation to various work-streams. ▪ Regular case management and reviewing of process, including regular team update meetings and calls. ▪ Reviewing and authorising junior staff correspondence and other work. ▪ Dealing with queries arising during the appointment. ▪ Reviewing matters affecting the outcome of the administration. ▪ Allocating and managing staff/case resourcing and budgeting exercises and reviews. ▪ Liaising with legal advisers regarding the various instructions, including agreeing content of engagement letters. ▪ Managing internal filing and information recording practices, including documenting strategy decisions. ▪ Ensuring compliance with all statutory obligations within the relevant timescales.
Reports, decision making & remuneration	<ul style="list-style-type: none"> ▪ Drafting and publishing our progress reports. ▪ Ensuring compliance with all statutory obligations within the relevant timescales. ▪ Reviewing time costs to date and producing analysis of time incurred.
Correspondence & statutory filing	<ul style="list-style-type: none"> ▪ Uploading information to the Portal and translating that information into Arabic. ▪ Providing statutory notifications to the ADGM Registrar and ADGM Court. ▪ Dealing with creditor queries.
Investigations	<p><u>Evidence and analysis</u></p> <ul style="list-style-type: none"> ▪ Developing evidence base and claim formulation for the priority claims (main fraud against the personae dramatis). ▪ Corresponding with the Court and defendants in relation to claims filed. ▪ Conducting and seeking interviews with the group's professional advisors, witnesses, potential perpetrators, confidential informants and former directors.

Narrative for the period from 20 September 2023 to 19 February 2024

<u>Type of work</u>	<u>Narrative description of work</u>
	<ul style="list-style-type: none">▪ Obtaining signed witness statements from individuals in NMC finance, treasury and IT departments.▪ Interviewing and tracing of individuals who fled to India.▪ Investigating and reporting of evidence regarding the involvement of related parties and other third parties in the fraud.▪ Issuance of notifications to parties requesting an interview, information gathering, and interviews conducted (includes multiple professional advisors and individual consultants).▪ Investigating specific acquisitions by the group with a view to potential recovery and/or defensive actions against inbound claims.▪ Risk assessing and where appropriate investigation banks suspected to be negligent / facilitators / involved in the fraud.▪ Investigating principal shareholders and related parties and interacting with their respective advisers.▪ Investigating and agreeing strategic actions in respect of inbound claims and other external party actions.▪ Hard copy and electronic data processing. The data copied to the investigation database continues to escalate. Data was collected from individuals and entities in India and the UAE.▪ Downloading of financial data and information from systems of NMC organic and acquired entities.
	<u>Business intelligence</u> <ul style="list-style-type: none">▪ Conducting business intelligence and initial asset searches on suspected perpetrators, facilitators and/or awareness of the fraud (both internal and external to NMC).▪ Monitoring of other potentially competing actions by other parties in multiple jurisdictions against the principal shareholders.
	<u>Whistle blowers</u> <ul style="list-style-type: none">▪ Engaging with and evidence gathering from whistle blowers.
	<u>Funding</u> <ul style="list-style-type: none">• Considering the need for litigation funding and adverse costs insurance.
	<u>Regulators</u> <ul style="list-style-type: none">• Engagement with relevant regulatory/other authorities as/when required.
Tax	<ul style="list-style-type: none">▪ Reviewing and commenting on the UAE VAT registration requirements with regards to the Administrators and support team.▪ Working with external third parties and providing commentary on the financial reconciliation process and impact on the historic VAT returns.▪ Advising on VAT technical matters.
Cashiering	<ul style="list-style-type: none">▪ Reconciling post-appointment bank accounts to internal systems.▪ Ensuring compliance with appropriate risk management procedures in respect of receipts and payments.

Appendix 5 – Glossary

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in IR15.

Defined Terms	Definition
A&M	Alvarez & Marsal Europe LLP
ADGM	Abu Dhabi Global Market
AED	United Arab Emirates Dirhams
CMC	Case management conference
Company	NMC Holding LTD (in administration)
DOCA	Deed of Company Arrangement
Group	NMC Healthcare LTD and its subsidiaries
IR15	The ADGM Insolvency Regulations 2015
Joint Administrators/we/our/us	Richard Fleming & Benjamin Cairns
LTD	NMC Healthcare LTD (in administration and subject to deed of company arrangement)
Other Administration Companies	35 other ADGM-based Group companies
PLC	NMC Health PLC (administration)
Portal	The creditor insolvency portal available at ips-docs.com
Proposals	Our proposals dated 19 November 2020
RED	The Restructuring Effective Date (25 March 2022)
UBO	Ultimate beneficial owner
USD	U.S. Dollar

Appendix 6 – Notice: About this progress report

This progress report been prepared by Richard Fleming and Benjamin Cairns, the Joint Administrators NMC Holding LTD ('the Company'), solely to comply with their statutory duty to report to creditors under Section 69 of IR15 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

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

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

Any person that chooses to rely on this progress report for any purpose or in any context other than under Section 69 of IR15 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Richard Fleming and Benjamin Cairns are authorised to act as insolvency practitioners in the ADGM under the ADGM Commercial Licensing Regulations 2015.

The Joint Administrators act as agent for the Company without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Alvarez & Marsal Europe LLP does not assume any responsibility and will not accept any liability to any person in respect of this progress report or the conduct of the administration.

This progress report is in the process of being translated into Arabic. This translation will be made available on the Portal once complete.