To all known creditors

14 September 2018

Our ref: RC/NM/NFL/GBWB262/wp20180914

Dear Sirs

Nigel Fredericks Limited – in administration ("the Company")

Why you've received this letter

The Company's records show that you may be owed money by the Company. So I'm writing to tell you that, as shown on the enclosed notice, Zelf Hussain and I were appointed joint administrators of the Company on 7 September 2018. We will manage the Company's affairs, business and property as its agents and without personal liability.

I'm also writing to tell you about the sale of the Company's business and assets.

The purpose of administration

The statutory purpose of an administration is to achieve one of these objectives:

(a) rescuing the Company as a going concern, or if that is not possible or if (b) would achieve a better result for the creditors than (a)

(b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or finally, if that isn't possible

(c) realising the Company's assets to make a distribution to secured or preferential creditors.

In this case, we are pursuing objective (b) as it wasn't possible to rescue the Company as a going concern.

Sale of the business

I'm pleased to tell you that on 7 September 2018, the Company's business and assets were sold to Nigel Fredericks Trading Limited as a going concern. Please note, this is a new company which has been set up to purchase the trade and assets of the Company. The directors and shareholders of the new company and are not associated with either the former directors of Nigel Fredericks Limited or any of the chargeholders. Details of the sale are in the appendix.

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The sale enables the statutory purpose to be achieved and was the best available outcome for creditors as a whole in all the circumstances. The sale has resulted in 287 jobs being saved (with the associated reduction in employee claims in the administration), as well as ensuring continuity of supply for customers. The buyer has also agreed to collect pre-appointment debtors on behalf of the administration estate.

If you're a supplier or customer with an outstanding order, you want to reclaim stock subject to retention of title or you own property hired or rented by the Company, please call Jo Lawrence of Nigel Fredericks Trading Limited on 07738 438218. Please also contact Jo Lawrence of Nigel Fredericks Trading Limited if you hold any Company property.

What you're owed

Based on our estimated outcome statement, there will be no distribution to unsecured creditors of the Company.

We do not anticipate there will be any preferential creditors.

If you are owed money by the Company and that debt includes VAT, you may be able to obtain VAT bad debt relief six months after your supply. Your local VAT office can help you with this.

How we report to creditors

As administrators we have to prepare and send out our proposals setting out how we intend to achieve the purpose of administration. Our statement of proposals has been issued with this letter.

Your rights as creditors

Our appointment means that you can't start or continue legal action, enforce security or repossess any goods held by the Company unless we agree or the court allows it.

You can find information on administrators' fees and your rights at:

https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en

Please contact Nadia Mann on 0113 289 4208 or at nadia.mann@uk.pwc.com if you'd like a paper copy free of charge or have any questions.

You also have the right to opt out of receiving further documents relating to these proceedings. Please see the attached sheet "*Information provided to creditors on opting out in accordance with Rule 1.39*" for full details.

The right to opt out only applies to documents required by the Insolvency Act 1986 or the Insolvency (England and Wales) Rules 2016 to be delivered to creditors generally or to a particular class of creditors. It does not apply to documents or correspondence sent to people in a capacity other than as creditor (e.g. as an employee) or to correspondence sent to individual creditors.

Any formal opt out request should be sent to Nadia Mann at the address listed above or by e-mail to: creditorenquiries@uk.pwc.com.

Directors' conduct

One of our duties is to look at the actions of anybody who has been a director of the Company in the three years before our appointment. We also have to decide whether any action should be taken against anyone to recover or contribute to the Company's assets. If you think there is something we should know about, please write to me at this address. This is part of our normal work and doesn't necessarily imply any criticism of the directors' actions.

Yours faithfully
For and on behalf of the Company

Rachael Wilkinson
Joint Administrator

Enclosures: Appendix
AM01
Information provided to creditors on opting out in accordance with Rule 1.39

Rachael Maria Wilkinson and Zelf Hussain have been appointed as joint administrators of Nigel Fredericks Limited to manage its affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

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

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

APPENDIX

Information regarding the sale of the business and assets of Nigel Fredericks Limited on 7 September 2018 as required by Statement of Insolvency Practice No.16.

Background	Nigel Fredericks Limited ("the Company") was incorporated on 27 August 1942. Its main trading activity was the processing and sale of meat products to restaurants, hotels, caterers and sporting events. The Company had 287 employees (at the time of our appointment) and operated from one site in North London and a second, smaller, distribution site in Mansfield. As per the audited financial statements for the year ended 31 March 2017, the turnover of the Company was £44.4m. The Company's revenue grew significantly in FY18, and the unaudited management accounts indicate that revenue reached c. £67m in the twelve months to 31 March 2018. However, it appears that a number of factors led to a fall in profitability and cash generation and contributed to the failure of the Company. The Company invested heavily in capital expenditure, expanding from four manufacturing units to six during FY17 and investing in new equipment. Much of this expansion was funded by third parties through finance lease agreements. This led to high monthly servicing costs and repayments (c. £70k per month). The fall in value of the pound following the result of the UK referendum to leave the EU, led to an increase in the price of meat from outside of the UK. The resulting increase in raw material costs had an adverse impact on profitability as the Company was not able to pass on all of the increase in costs to its customers. In early 2018, because of difficulties in the sector, credit insurance limits for suppliers reduced by c. 50%. This led to an increase in working capital requirements, as credit limits decreased and suppliers demanded accelerated payments. The fall in profitability, increased finance lease costs and reduction in credit insurance led to increasing cash flow pressure. As a result, the Company significantly exceeded the limit on its confidential invoice discounting facility with The Royal Bank of Scotland Plc ("RBS") in August 2018, to the point where no further funds were available. As a result, RBS introduced the Company to PwC, who were subsequently engaged to review the immediate cash flow requirements of the business, review the Company's short term cash flow forecasts and current financial position; and summarise the options available, including contingency planning. This work led to the decision by the directors to pursue a sale of the business on an accelerated timescale as the only viable option.

	The marketing process resulted in one offer for the shares of the Company, however the terms of the offer were unacceptable to RBS and the offer was rejected. No revised offer for the shares was received from this party or any other party. Given its deteriorating financial position, this meant that the Company would be unable to avoid entering an insolvency process and the only viable alternative for a sale of the business being a sale via an administration. As a result, the directors of the Company decided to appoint administrators on 7 September 2018.
The administrators' initial introduction	Rachael Wilkinson and Zelf Hussain of PricewaterhouseCoopers LLP ("PwC") were initially introduced to the Company on 13 August 2018 by RBS. As qualifying fixed and floating charges are held by National Westminster Bank Plc, The Royal Bank of Scotland Commercial Services Limited and Lombard North Central Plc, all members of the RBS group, we will refer hereafter to these secured lenders as "the RBS chargeholders". The RBS chargeholders introduced PwC because it became apparent that the Company had reached the facility limit on the RBS confidential invoice discounting facility and there was an immediate cash requirement.
The extent of the administrators' involvement before the appointment	PwC was engaged to perform the following services: **Cash flow and options review** - on 14 August 2018, PwC was engaged by Nigel Fredericks Limited and RBS to review the immediate cash flow requirements of the business; review the Company's short term cash flow forecasts and current financial position; and summarise the options available, including contingency planning. This work led to the Company's decision to pursue a sale of the business on an accelerated timescale. **Accelerated sales process** – on 21 August 2018, PwC was engaged by Nigel Fredericks Limited to lead an accelerated sales process to find a buyer for the business. At all times, management decisions and control of the Company remained with the directors.
Alternative options considered by the directors before formal insolvency and by the administrators on their appointment and during the administration and the possible outcome(s) of the alternative options	The options considered and compared with the sale of the business via a pre-pack administration are as follows: • Trade out of difficulties – the Company's cash requirements and significant creditor pressure meant that this was not considered a viable option. • Shareholder led solvent solution – for example, a capital injection by the shareholders. However, the shareholders were unable to offer a solution that would have provided the business with adequate working capital and that would have been acceptable to the lender. • Solvent sale of the business – the marketing process which was conducted prior to appointment did not result in any acceptable offers for the shares of the Company.

	• Liquidation and shut down of the Company to realise the assets – it would not have been possible to secure a going concern sale if the Company had been placed in to liquidation as contracts would terminate on the appointment of liquidators. A liquidation would also have resulted in a significant increase in employee claims. • Company Voluntary Arrangement ("CVA") or Scheme of Arrangement – neither was considered a viable option as the Company did not have sufficient funds to trade through a CVA or Scheme of Arrangement. • Administration of the Company, with continued trading to seek a sale of the business and assets as a going concern – see below.
Why it was not appropriate to trade the business and offer it for sale as a going concern during the administration	This was not considered the most appropriate option because: • a full marketing process had already been conducted and we didn't expect any further offers would be received if the business was traded in administration; • there was a risk the preferred bidder from the pre-appointment marketing process would be lost; • there was no source of finance available for ongoing trade in administration; • the costs of the administration would have materially increased; and • there was a risk that the business could not be traded profitably, which would have worsened the position for creditors.
Whether efforts were made to consult major or representative creditors	The Company's secured creditors (the RBS chargeholders) were consulted throughout the process, and provided their consent to the appointment of administrators and for the proposed transaction to be completed. The RBS chargeholders were the Company's major creditor. Although there are significant amounts owed to unsecured creditors, no unsecured creditors were owed significantly more than others. Estimated outcome statements were prepared for various scenarios and under each scenario it was determined that there would be no distribution to unsecured creditors. Given this fact, and the time pressures involved, it was not practical to consult other creditors.
Requests made to potential funders to fund working capital requirements	No formal requests to traditional lending institutions were made. The lack of balance sheet assets and the existing cash flow position, alongside the necessary accelerated timetable, meant this was an unattractive proposition for any prospective lender and it was not considered appropriate to invest resources in pursuing this option given the likely outcome. However, as part of the sale process, the business was introduced to an alternative lender who carried out a review of the business to determine whether a refinance could be achieved. No refinance offer was made by that party.

	During the sale process up to the point that exclusivity was granted to the preferred bidder, RBS continued to fund the critical working capital needs of the business, including the payment of wages at the end of August. RBS was unable to advance additional amounts to fund longer term working capital needs. The preferred bidder, in exchange for 10 days exclusivity, provided stock to the Company to allow it to continue to trade while an agreement for the sale of the business and certain assets was reached.
Details of registered charges with dates of creation	**Charge holder:** Lombard North Central Plc **Type of charge:** Debenture **Assets charged:** Fixed and floating charges over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery. **Date of creation:** 1 December 2005 **Charge holder:** The Royal Bank of Scotland Commercial Services Limited **Type of charge:** Fixed and floating charge **Assets charged:** Fixed and floating charges over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery. **Date of creation:** 27 September 2002 **Charge holder:** Nigel Tottman **Type of charge:** Rent deposit deed **Assets charged:** The sum of £70,000 held by the chargee and secured by the Company to the chargee under a rent deposit deed dated 13 August 2001. **Date of creation:** 13 August 2001 **Charge holder:** National Westminster Bank Plc **Type of charge:** Mortgage debenture **Assets charged:** A specific equitable charge over all freehold and leasehold properties and/or the proceeds of sale thereof, fixed and floating charges over undertaking and all property and assets present and future including goodwill, book debts and the benefits of any licences. **Date of creation:** 6 February 1998
Whether or not the business or business assets have been acquired from an insolvency practitioner within the previous two years	No
Marketing activities conducted by the Company and / or administrators	**Marketing activities undertaken:** In late August / early September 2018, an accelerated sales and marketing process was carried out with the assistance of PwC. We consulted M&A (merger and acquisition) industry experts to identify and contact trading businesses known to (or that may) have an interest in the sector in which the Company operated, as well as several private equity houses with sector experience and turnaround funds.

	Marketing was pursued through direct approaches to these potential interested parties. A direct approach was thought to be the most appropriate marketing strategy due to trading sensitivities to retain value in the business, the accelerated timescale and the immediate funding requirement. Marketing of the business and assets on a wider basis was believed to be value destructive. If customers, prospective customers, suppliers or credit insurers became aware of the process, confidence would be lost – resulting in a loss of earnings, capabilities and ultimately value. A total of 24 potentially interested parties were contacted. Where parties indicated strong interest, a Non-Disclosure Agreement (“NDA”) was sent. Some 12 NDAs were signed and returned upon which detailed financial information on the business was provided. Due to the immediate funding requirement, the marketing and sale timescale was accelerated to two weeks. RBS provided additional working capital facilities on the basis that its overall exposure did not increase. Unfortunately the high working capital requirements, in part due to creditor arrears, meant that this was insufficient to fund the business for more than a very short period. Although reducing the number of interested parties, this strategy was essential due to the cash constraints and creditor pressure experienced by the Company. Marketing was progressed as far as possible with all potential interested parties. The key reasons given by interested parties for withdrawing from the process were the low margins being achieved by the Company; the level of arrears of creditors; and difficulties in the sector. Trade buyers in particular did not want further exposure to this sector. The administrators are of the view that the marketing process was fully transparent and comprehensive, in the limited time available, and that it sought to achieve the best value possible for creditors as a whole, given the accelerated timescale.
Valuer’s details	Nigel Fredericks Limited appointed Hilco Valuation Services (“Hilco”) to perform a valuation of plant and machinery of the Company on 28 August 2018. Hilco Valuation Services is the trading name of Hilco Appraisal Limited. Hilco Appraisal Limited is registered in England and Wales with registered number 04703331 and its registered office is 3 St. Helen’s Place, London, EC3A 6AB. The valuation was carried out in accordance with RCIS Valuation – Professional Standards January 2014 by representatives from Hilco who are members of RCIS. We are satisfied that Hilco has acted independently, have the appropriate level of experience and expertise in this sector and that they carry adequate professional indemnity insurance.

Valuations of the business or the underlying assets	The value Hilco attributed to unencumbered plant and machinery was £847,400 in situ or £440,900 ex situ. The value Hilco attributed to encumbered plant and machinery (subject to hire purchase agreement) was £204,000 (in situ) or £115,000 (ex situ).
The date of the transaction	7 September 2018
The identity of the purchaser(s)	Nigel Fredericks Trading Limited Please note, this is a new company which has been set up to purchase the trade and assets of the Company. The directors and shareholders of the new company and are not associated with either the former directors of Nigel Fredericks Limited or any of the chargeholders.
Any connection between the purchaser(s) and the directors, shareholders or secured creditors of the Company or their associates	No connection known.
The names of any directors, or former directors (or their associates), of the company who are involved in the management, financing, or ownership of the purchasing entity, or of any other entity into which any of the assets are transferred	N/A
Whether the directors had given guarantees to a prior financier	No
Whether the transaction impacts on more than one related company	No
Details of the assets involved and the nature of the transaction	**Assets sold:** Substantially all of the Company's business and assets as a going concern. This includes the following: • Business Information; • Customer Contracts and Supplier Contracts; • Equipment, TV Licence and Source Codes; • Goodwill and Intellectual Property Rights; • Information Technology; and • Stock and Work-in-Progress.

	The administrators have granted the purchaser a six month licence to occupy the leasehold premises. In addition, there is a property in which the Company has a freehold interest and a six month licence to occupy has also been granted to the purchaser in respect of this property. **Employees:** All Company employees have transferred to Nigel Fredericks Trading Limited under TUPE. As Nigel Fredericks Trading Limited has agreed to pay arrears of wages, there are not expected to be any claims from employees. **Excluded assets:** All other assets, including book debts, cash at bank, refunds/prepayments and directors loans, will be realised in the administration estate.
The consideration for the transaction, terms of payment, and any condition of the contract that could materially affect the consideration	**Amount of consideration:** £750,000 paid on 7 September 2018 by Nigel Fredericks Trading Limited, broken down as follows: • £749,991 for plant and equipment • £1 for each of the other assets listed above The consideration above has been reduced by the following: • £577,802.71 for stock supplied during the exclusivity period (the Company has had the benefit of invoices raised during this period); and • £149,164.00 for wages accrued up to 7 September 2018. Cash consideration received on completion was therefore £23,033.29. As part of the deal, Nigel Fredericks Trading Limited also agreed to pay any arrears of wages up to and including 7 September 2018. However, the sale price was reduced by £149,164 to compensate Nigel Fredericks Trading Limited for this. The Administrators confirm this was a better result for creditors as a whole compared to a close-down of the business and sale of assets in situ because: • all employees transferred to Nigel Fredericks Trading Limited on 7 September 2018, mitigating potential employee claims for holiday pay and redundancy claims; • the benefit of invoices raised during the exclusivity period; • higher recovery of book debts due to the fact that customers would benefit from continued supply; • lower costs compared to a close-down of the business, which we estimate would have been substantial due to the nature of the business and the need to comply with industry regulations. **Date paid:** 7 September 2018. There is no deferred consideration. **Terms that could materially affect the consideration:** None.

Any options, buy-back arrangements, deferred consideration or similar conditions attached to the transaction	None
If the sale is part of a wider transaction, a description of the other aspects of the transaction	The sale is not part of a wider transaction.
Connected party transactions	N/A
The sale and the purpose of administration	The statutory purpose of administration is to achieve one of these objectives:- (a) rescuing the Company as a going concern, or if that is not possible or if (b) would achieve a better result for the creditors than (a) (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or finally, if that is not possible (c) realising the Company's assets to pay a dividend to secured or preferential creditors. In this case, the joint administrators are pursuing objective (b) as it was not possible to rescue the Company as a going concern. The joint administrators confirm that the sale enables the statutory purpose to be achieved. The joint administrators also confirm that the outcome was the best available for creditors as a whole in all the circumstances.