



To all known creditors

## Joint Administrators' Progress Report

InfraRed UK Lion Limited Partnership  
InfraRed UK Lion Nominee 1 Limited  
InfraRed UK Lion Nominee 2 Limited  
InfraRed UK Lion GP Limited  
(all in Administration)

## Entities covered by this report

Further statutory information in relation to the entities and our appointments is set out in Appendix A

Entity Name	Company Number	Appointment Date	Period Covered by this Report
InfraRed UK Lion Limited Partnership	LP015850	22 November 2021	22 May 2022 to 21 November 2022
InfraRed UK Lion Nominee 1 Limited	08818236	22 November 2021	22 May 2022 to 21 November 2022
Infrared UK Lion Nominee 2 Limited	08818235	22 November 2021	22 May 2022 to 21 November 2022
InfraRed UK Lion GP Limited	08818231	23 November 2021	23 May 2022 to 22 November 2022

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# Glossary



# Glossary

Commonly Used Terms	Definition
<b>Administration(s)</b>	The Administration of the Company
<b>Act / IA86</b>	Insolvency Act 1986 (as amended)
<b>BEIS</b>	Department for Business, Energy and Industrial Strategy
<b>c.</b>	Approximately
<b>CDDA</b>	Company Directors Disqualification Act 1986
<b>CT</b>	Corporation Tax
<b>CVL</b>	Creditor's Voluntary Liquidation
<b>EBITDAP</b>	Earnings Before Interest, Taxes, Depreciation, Amortization and Pension Income
<b>FTI / FTI UK</b>	FTI Consulting LLP
<b>HMRC</b>	HM Revenue & Customs
<b>ICAEW</b>	Institute of Chartered Accountants in England & Wales
<b>IR16 / the Rules</b>	Insolvency (England and Wales) Rules 2016 (as amended)
<b>NDA</b>	Non-Disclosure Agreement
<b>PAYE / NIC</b>	Pay-as-you-earn tax / National Insurance Contributions
<b>Prescribed Part</b>	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86
<b>RPS</b>	Redundancy Payments Service
<b>Schedule / Sch B1</b>	Schedule B1 IA86
<b>SIP</b>	Statement of Insolvency Practice
<b>SIP 2</b>	Investigations by office holders in administration and insolvent liquidations
<b>SIP 7</b>	Presentation of financial information in insolvency proceedings
<b>SIP 9</b>	Payments to insolvency office holders and their associates from an estate
<b>SIP 16</b>	Pre-packaged sales in administrations
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006
<b>VAT</b>	Value Added Tax

Case Specific References	Meaning
<b>Appointment date</b>	22 November 2021 (23 November 2021 for IRUK GP)
<b>Administrators / Joint Administrators / we / our / us</b>	Andrew James Johnson, Ali Abbas Khaki and Matthew Boyd Callaghan
<b>IRCP / InfraRed/ ARA</b>	ARA Europe (Formerly InfraRed Capital Partners Limited)
<b>IRUK N1</b>	InfraRed UK Lion Nominee 1 Limited
<b>IRUN N2</b>	InfraRed UK Lion Nominee 2 Limited
<b>IRUK GP</b>	InfraRed UK Lion GP Limited
<b>IRUK LP / the Partnership / the LP</b>	InfraRed UK Lion Limited Partnership
<b>the Companies / the Group / the Entities</b>	IRUK LP, IRUK GP, IRUK N1 and IRUK N2
<b>Eastgate / the Centre</b>	Eastgate Shopping Centre, Basildon
<b>The Period</b>	22 May 2022 to 21 November 2022 22 May 2022 to 21 November 2022 for IRUK GP
<b>The Proposals</b>	The Joint Administrators' Statement of Proposals dated 13 January 2022 Creditors with security in respect of their debt in accordance with Section 148 IA86. In this case, the Secured Creditor is Bayerische Landesbank.
<b>Secured Creditor / Lender</b>	
<b>PPM</b>	Planned Preventative Maintenance
<b>The Proposals</b>	The Joint Administrators' Statement of Proposals including its appendices, dated 13 January 2022.
<b>Preferential creditors</b>	First ranking: Principally employee claims for unpaid wages (max £800 per employee), holiday pay and certain unpaid pension contributions. Second ranking: HMRC in respect of certain specified debts.
<b>Property Managers / MK</b>	Munroe K
<b>SC / Asset Managers</b>	Sovereign Centros
<b>Secured Debt</b>	c.£55,610,178.44 term loan provided by the Secured Lender
<b>Shareholder / IRCP</b>	InfraRed Capital Partners Limited, the ultimate shareholder of the Companies
<b>Unsecured creditors</b>	Creditors who are neither secured nor preferential. Principally trade creditors, inter-company debts and utility providers. HMRC and employee-related claims that do not rank preferentially are also included here. A secured creditor may also claim for the unsecured element of its debt.



# Purpose of this report

## Purpose of this report

- Andrew Johnson, Ali Khaki and Matthew Callaghan were appointed as joint administrators of the Companies on 22/23 November 2021, as noted earlier.
- Pursuant to Rule 18.6 IR16, we are required to provide creditors with a report setting out what has happened in the Administrations during the second six-month period of our appointment. Our first report was delivered to creditors on 20 June 2022.
- This report covers the period from 22 May 2022 to 21 November 2022 (and 23 May 2022 to 22 November 2022 for IRUK GP) and contains:
  - An explanation of the work we have done in the Period and how the Administrations have progressed;
  - An update on the estimated outcome for each class of creditor;
  - Details of the work we still need to do before the Administrations can be concluded;
  - A statement of our receipts and payments and details of expenses we have incurred;
  - An update on our remuneration for acting as joint administrators; and
  - Further information required by statute regarding our appointments as administrators.
- Background information on the Companies and events leading up to the Administrations can be found in our Proposals, which continue to be available online (see How to Contact Us).
- If you are unfamiliar with insolvency, we have included as an appendix a brief overview that you may wish to read before continuing to read this report.
- Certain legal notices regarding this report, our appointments and creditors' rights are also included as an appendix.
- We are seeking a creditors' decision in respect of an increase to our fees estimate. After reading this report, please complete and return the enclosed form in order to participate in the decision procedure. It will not impact your entitlement to a dividend (should there be one) if you do not respond or vote.
- If you have any questions regarding this report or the Administrations generally, please contact us.

### How to Contact Us

- Creditors can contact us using the preferred methods below:

Email: [IRUKLion@fticonsulting.com](mailto:IRUKLion@fticonsulting.com)

Post: InfraRed UK Lion  
c/o FTI Consulting LLP  
200 Aldersgate  
Aldersgate Street  
London  
EC1A 4HD

Tel: 020 7269 9391

- Information can also be found at:

<https://www.fticonsulting.com/emea/cip/infrared-uk-lion>



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

**Ali Abbas Khaki**

Joint Administrator  
Acting as agent and without personal liability

*The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Companies and without personal liability. The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) IA86. 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>.*



# Progress of the Administrations



## Recap on the Administrations

**In the first six-months of the Administrations, Eastgate continued to trade whilst a strategy for its sale could be developed.**

### Background to the Administrations

- In our Proposals, we provided a background to the Companies, details of the events leading up to the appointment of administrators and an overview of the strategy being pursued for achieving the purpose of the Administrations. These are not repeated here for the purposes of this report unless considered beneficial or necessary to do so. Therefore, creditors may wish to read this report in conjunction with the Proposals.

### Strategy to Achieve the Purpose of the Administrations

- We assessed that continuing to trade the shopping centre with a view to its ultimate sale would result in the best outcome for creditors. The existing Property and Assets Managers were retained, and Savills were engaged to support on identifying and implementing the optimal sales strategy. Part of our strategy was also to support the ongoing planning appeals that had the potential to make Eastgate a more attractive proposition to some purchasers.

### Progress in the Previous Period

- In our previous report, we explained the progress of the Administrations during the first six months of our appointment. As above, the details are not repeated here for the purposes of this report unless considered beneficial or necessary to do so. Therefore, creditors may wish to read this report in conjunction with our previous report. Events specifically relating to realising the Companies' assets during the first period are summarised below:
  - Savills were appointed as sales agents and conducted a detailed strategy review. The sale process and timing were being assessed, however it was clear that an extension to the period of the Administrations would be required.
  - Our specialist agents supported the collection of Covid-19 rent arrears and the process for re-letting of units, the latter of which would assist in maximising realisations from any sale of Eastgate. We reported the collection of historic rent arrears in the sum of £730k.
  - A separate sale of a long leasehold interest in a small part of Eastgate to a third-party purchaser was completed in the sum of £1.1m; with the proceeds being subject to the Lender's fixed charge security (but not distributed to them in that period).
  - Cash at bank totalling £2.6m was recovered into the estate of IRUKLP, including £928k not subject to the Lender's security and therefore available to unsecured creditors (subject to costs). An insurance refund of £72k was recovered that is also unencumbered.
  - The shopping centre continued to trade and we provided an overview of trading activity and the associated receipts and payments.
  - We engaged a third-party individual (Colin Flinn) to act as the Companies' representative on the BTCM board. BTCM owns and operates both town centre car parks and market in Basildon.

#### ~100 lettable units

Located at the Eastgate Centre

The Eastgate Centre consists of over 100 lettable units. However, given current market conditions, a number of these remain unoccupied, with occupancy at 71.5% at the time of the report.

#### ~11.5m

Annual footfall (2019)

The Centre remains a focal point in Basildon and continues to be a popular destination for local residents.

#### Savills

Appointed as sales agents

Savills were instructed to assist in producing and ultimately implementing a sales strategy for Eastgate.

## Realising the Assets: Eastgate Sales Strategy and Realisations

**During the period we have continued to work closely with MK (Property Managers) and SC (Asset Managers) in continuing to trade Eastgate. Savills have widely marketed the property for sale and we have executed Heads of Terms with a preferred purchaser.**

### Sale Strategy and the Appointment of Agents

- During the previous period, we instructed Savills to act as sales agent.
- Savills undertook a detailed strategy review and analysis of current market conditions, highlighting the various potential options for the sale of the Group's real estate assets (fundamentally Eastgate) and launched a marketing campaign in early September 2022.
- The timing of the launch of this sales process was impacted due to various market factors and the date of the planning appeal inquiry. It was therefore necessary for the Administrations to be extended in order for the marketing process (and any subsequent sale) to be completed.
- Marketing involved targeted approaches to key agents and principals as well as widespread mail-outs to over 4,000 parties and the use of social media and property press. Further contact and information requests were received from c.60 parties, of which 30 requested data room access and ultimately four formal offers were received.
- The formal marketing process concluded in mid-November 2022 and at the time of writing, we have executed Heads of Terms with a preferred purchaser who is currently completing due diligence ahead of exchange of contracts. The timing of any completion is currently uncertain and to avoid prejudicing the ongoing negotiations, we are unable to disclose the offer value.

### Re-letting Units and Collection of Covid-19 Arrears

- During the period, we have continued to work closely with SC on lease renewals, rent reviews and new lettings. Savills have also been involved in prospective new letting discussions, to assist in maximising realisations upon any sale.
- We have been in regular dialogue with SC and MK to reach agreements with tenants on the recovery of rent and service charge arrears due for the period during which the Government enforced rent moratorium ("the moratorium") was in place. As at 21 November 2022 £355k had been recovered for the period.

- Following the removal of the moratorium in March 2022 and expiry of the moratorium in relation to ring-fenced Covid arrears in September 2022, it has been possible to pursue all rental arrears by normal means. We have continued to work alongside SC, MK and our legal advisors to decide the best course of action to recover arrears on a case by case basis.

### Sale of unit at Eastgate

- A separate sale of the Companies' long leasehold interest in a small part of Eastgate to a third party purchaser was negotiated and completed.
- Realisations from this sale totalled £1.1m. All realisations from the sale were subject to the Lenders fixed charge security and therefore all realisations were for their benefit.
- The proceeds from this sale continue to be held in our fixed charge bank account.

### Planning Process

- We previously reported that a planning appeal was submitted in October 2021 (prior to the Administrations) as a consequence of Basildon Council's failure to grant planning permission within the prescribed time limits.
- A planning inspector was appointed as a Case Officer to hear the appeal with an initial case management conference held in mid-May 2022 and the appeal inquiry between 2 and 11 August 2022.
- On 23 September 2022, the appeal decision was published confirming that the appeal had been allowed. However, no award of costs was granted.

## Trading Overview

**Eastgate has continued to trade as normal with the Property Managers collecting rent and service charges and making payments in line with budgets provided to the Joint Administrators.**

### Rent Account

- As set out in our Proposals, rent collections are subject to the fixed charge held by the Secured Creditor.
- Rental income is paid into a Collections Account under the control of MK, with the funds then swept fortnightly and paid into our fixed charge bank account, with VAT swept into our Operating Account (from which any liability to HMRC would be settled).
- Rental receipts allocated since the appointments total c.£3.4m (including £1.9m in this reporting period), comprising both monthly and quarterly income. Additionally £1.1m of pre-Administration rent arrears have been recovered, including £355k in the Period.
- Overall rental collections for the Administration period have remained ahead of expectations, leading to higher realisations and cash balances when compared to our initial forecasts (with input from both the Property and Asset Managers).

### Service Charge Account

- The Service Charge Account is maintained by MK on behalf of the Companies.
- Service Charge payments since the appointments total c.£3.2m, of which £1.6m was made during the Period, consisting of all the associated costs of running the services for the communal areas at Eastgate, including security, utilities, cleaning etc.
- Service charge receipts from tenants since appointment total £1.3m, £700k of which was received during the Period. Where a unit is vacant, payment of the service charge for that unit is due from the Landlord. Since the appointments, the Secured Creditor has made payments on behalf of the Landlord by way of a non-recourse loan for service charge costs at unoccupied units, £1.2m of which was received during the Period.
- A number of suppliers have required payment of their pre-Administration debts as a condition of ongoing supply. These are known as ransom creditors and are paid after careful consideration of the amount involved, alternative options and any legislative protections available.

### Car Park Income

- Similar to rental collections, car park income is subject to a fixed charge held by the Secured Creditor.
- As a consequence of car park income being for the benefit of the fixed charge holder, all car park expenses have been categorised as a fixed charge expense.
- Car park income received since the appointments total £253k, and car park expenses spent totalled £312k. Of this amount, car park income within the Period totalled £129k, with expenses of £188k.
- This equates to a c.£60k loss during the Period which is a consequence of lower revenue due to reduced occupancy, as well as increased costs. The car park is fundamental to the operation of the centre so this loss will need to be absorbed into the wider trading performance.
- As with rental collections, car park income is paid directly into the MK Collections Account, and swept fortnightly to our fixed charge bank account, with the VAT element swept to our Operating Account.

### Day-to-Day Trading

- During the period, we have liaised closely with MK and SC. Where decisions on ongoing trading have been required, these have been taken by us, having taken necessary advice from MK and SC.
- MK deal with the day-to-day Centre requirements such as the demand and collection of rental, service charge and car park income, as well as all the supplier contracts and payments.
- The Companies have no direct employees, however, MK employs Centre staff and manages contracted companies including (and not limited to) cleaning and security companies.
- All the transactions relating to Eastgate are sent to us fortnightly. These transactions are loaded onto our accounting platform after careful review for accuracy.

## Other Work Undertaken

In addition to managing the Centre and pursuing its sale, related areas of work have also been ongoing. Work relating to fulfilling our statutory duties as joint administrators is set out separately later.

### Book debts

- Due to the Covid-19 pandemic, there was a requirement for negotiated settlements with tenants in relation to the Covid-19 period. Reaching settlements has required discussions and negotiations with tenants and terms have now been agreed with a number of them.
- The collection of book debts has been undertaken with the assistance of MK and SC given their historic relationship with the tenants and their understanding of the tenants' situation.
- In addition to the collection of the historic rent and service charge arrears from current tenants, discussed earlier, in relation to amounts from tenants who have since vacated Eastgate and who have not been in occupation at Eastgate during the Administration, a small number of books debts of £0.5k have been realised.

### BTCM

- Colin Flinn has continued to act on the board of BTCM and represent the Companies' interests.
- Steps have been undertaken by Mr Flinn during the period to assist potential purchasers with queries relating to BTCM that form part of their overall diligence when looking at the potential purchase of Eastgate.
- We have continued to administer the payment for Mr Flinn's services, with the support of our specialist agents, ERA Solutions.

### Funding Agreement

- Following our appointment, we entered into a funding agreement with the Secured Lender. This was to ensure sufficient ongoing funding would be available to meet any trading shortfall, as well as the costs and expenses of the Administrations.
- The funding agreement also provided for a quarterly drawdown of required funding from our fixed charge account, to enable anticipated trading, fixed charge and uncharged costs for the following quarter to be met. Service charge funding of £2.7m has been approved by the secured creditors for expected spend, of this, £1.7m has been utilised to date. As part of the above, we provide reports to the Secured Creditor to support the quantum of the drawdown request and to set out expected revenues and costs in the following quarter.

### Tax

- Shortly after our appointment, HMRC was notified of our appointments as joint administrators of the Companies.
- Given the Group structure, the VAT affairs are complex. Additional challenges emerged as a consequence of the VAT group containing certain companies that were removed from the VAT group due to the Administrations.
- During the Period, we received the re-registered VAT number. Our internal tax specialists have been instructed to undertake work regarding the Companies' VAT affairs and this commenced with a review of the Companies' VAT position.
- Currently the Group is in a VAT payable position with c.£140k due to HMRC. The internal tax specialists are in the process of completing the VAT returns which will be settled in Q1 2023.
- The Corporation tax returns are currently being processed by the internal tax specialists. There has been a slight delay in completing the CT returns due to a delay in receiving the required information from ARA.

### Insurance Refund

- Shortly following our Joint Administrators' appointment and as detailed in our previous progress report an insurance refund was received in respect of the pre-Administration policy as a result of it having been pre-paid and due to the term of the policy being cut short.

## Our Future Work in the Administrations

**In broad terms, our future work relates to the ongoing trading of the Centre and its ultimate sale, together with a distribution of funds to creditors and compliance with our duties as joint administrators.**

### Realising the Assets

- We will continue to work closely with MK and SC whilst trading of the Centre continues. This will include the ongoing collection of rental, service charge and car park income.
- The preferred bidder is conducting due diligence and we will progress the sale process through to completion with the support of our advisors (including Savills).
- Following the sale of Eastgate, the change in title will need to be registered by the Land Registry prior to the Administrations being brought to a conclusion. The timing of such registration is uncertain and may take some time considering the backlog of registrations we understand the Land Registry is dealing with.
- Once a sale of the Centre is completed, there necessarily be further analysis and true-up exercise with the agents and the purchaser to agree the apportionment of income and expenditure as at the sale date.

### Dealing with Creditors

- At the appropriate time, we will undertake the relevant processes to make any distributions as required, to include:
  - Adjudicating creditor claims, including notifying creditors where claims are rejected either in full or in part;
  - Issuing Notices of Intended Dividend to unsecured creditors; and
  - Declaring and paying the dividend.
- In the meantime, creditors are invited to lodge their claims with us, if they have not done so already.
- A dividend will only be available in IRUK LP and none of the other entities have any material realisable assets.

### Managing the Companies' Affairs

- Future work in this area is expected to focus on managing the Companies' VAT and Tax affairs, including the preparation and submission of returns to HMRC where required; and requesting clearance prior to the Administrations being brought to an end.
- Other work may involve dealing with the Companies' books and records and generally winding-down the Companies affairs prior to them ultimately being dissolved.

### Fulfilling our Statutory Duties

- Later in this report we explain some of the work we have done in the Period relating to statutory requirements; together with details of the future work in this area.

## Dealing with Creditors and other Stakeholders

**We have reported regularly to the Secured Creditor and taken steps to assess the level of the Companies' liabilities, including responding to queries received from creditors, to the extent possible.**

- We set out below the work done in the Period relating to each class of creditor and other Stakeholders.
- The current estimates for amounts owed to the various classes of creditors, the anticipated recovery in each case and (where appropriate) the likely timing of distributions, are set out later in this report.

### Secured Creditor

- During the Period, we have liaised closely with the Secured Creditor, Bayerische Landesbank (BLB), including the provision of quarterly cashflow forecasts.
- Written consent has been obtained from BLB prior to any funds and/or professional fees been drawn from the accounts, as per the Funding Agreement noted previously.
- BLB will be the sole beneficiary of proceeds from the sale of the Eastgate property. As such, they have been provided with details in respect of offers received from the sales process and they have confirmed they are supportive of us looking to complete the current sale being pursued.

### Preferential Creditors

- Preferential creditors are described in the highlighted box opposite.
- No preferential claims are expected in any of the Companies and as a consequence, no preferential dividends are anticipated.

### Shareholders and Members

- There will be no return to the shareholders of the Companies (including members of the Partnership) as there will be a material shortfall to the Companies' creditors.

### Unsecured Creditors

- In preparation for our appointment, we set up a dedicated email address and helpline number in order for creditors to contact us, other than by post. We have received a number of queries from creditors on matters relating to their claims or the impact of the Administrations. We have responded to queries to the extent possible and using the information currently available to us.
- We have invited creditors to submit their claims to us as there is a reasonable prospect of a dividend becoming available for the creditors of IRUK LP, as explained later.

### Preferential creditors

- Preferential creditors are certain categories of unsecured creditors that have preferential status under insolvency legislation.
- They are typically employee-related debts in relation to arrears of wages and unpaid holiday pay, subject to statutory limits. The RPS becomes a preferential creditor in place of the employees once it has paid their statutory entitlements.
- Since December 2020, HMRC is also a preferential creditor for certain specified debts but ranks behind the preferential debts described above.



## Fulfilling our Statutory Duties

**As a consequence of the Companies’ insolvency, we have a number of responsibilities that do not necessarily or directly have a financial benefit for creditors but are required by insolvency legislation.**

### Statutory investigations

- For convenience, references to ‘directors’ below include references to ‘members’ in respect of the Partnership.
- As required by Section 7A CDDA, we have submitted information in regard to the conduct of the Companies’ directors to BEIS. The content of our investigatory findings is confidential however, it was concluded that there were no recovery actions that could be pursued.
- Our investigation work was performed in accordance with SIP 2 and included a review of:
  - Questionnaires submitted by the directors who held office in the three-year period prior to the Administrations;
  - The statements of affairs prepared by the directors of the Companies;
  - The Companies’ Board Minutes in the 12 months leading up to appointment;
  - Correspondence received from creditors (who had been invited to bring any matters to our attention); and
  - Certain of the Companies’ financial information.

### Investigations and submission of conduct reports

- An administrator has a duty to investigate what assets there are (including potential claims against third parties including the directors) and what recoveries can be made. This gives rise to the need for administrators to carry out appropriate investigations, in order to satisfy their specific duties and to allay, if possible, the legitimate concerns of creditors and other interested parties.
- An administrator also has a duty to report to the Department for Business, Energy and Industrial Strategy on the conduct of those that formerly controlled the company.



### Other statutory matters

- Managing the cases’ accounts, ensuring books and records are maintained, realising the assets including marketing of the shopping center, liaising with and answering creditors queries, the ongoing trading of the center, completing corporation and VAT returns, and completing statutory progress reports and reviews.

### Objective of the Administrations

- As set out in our Proposals, the statutory objective of the Administrations is to achieve a better result for the Companies’ creditors as a whole than would be likely if the Companies were wound up (without first being in Administrations).
- We continue to believe the objective of the Administrations will be achieved by virtue of the ongoing trading of the shopping centre and its subsequent sale.

### Extension to the period of the Administrations

- The Secured Creditor (and the Unsecured Creditors or IRUK LP) approved an extension to the period of the Administrations, by virtue of a decision procedure ending on 1 November 2022.
- In summary:
  - The new date of expiry of the Administrations is now 21 November 2023 (and 22 November 2023 for IRUK GP);
  - The Administrations of all four entities were extended as a consequence of the sale of the property not having completed in advance of the first anniversary of our appointment;
  - All four entities needed to be extended as IRUK N1 and IRUK N2 have the legal interest in Eastgate, whilst IRUK GP acts for the LP in relation to a number of key contracts. The LP is both the main operating entity and owner of the beneficial interest in Eastgate; and
  - Notices of extensions were filed with Companies House and delivered to creditors via our website.
- It is currently unclear whether a further extension will be required.

## Fulfilling our Statutory Duties

**Following the sale of the Property, we will look to undertake the relevant steps to conclude the Administrations. It is anticipated that all the Administrations will end with a notice moving the Companies to dissolution.**

### Exit route from Administrations

- In our Proposals we explained the manner in which we anticipated the Administrations would be brought to an end once its purpose had been achieved and our work had been completed.
- In the Proposals we noted that the timeframe for concluding the planning issues and consequently the sale was uncertain. Following sale completion, we will seek to exit from the Administrations as soon as possible but given the recent material delays in registering the change in title at the Land Registry, we anticipate that there will be a further delay of several months prior to moving to dissolution.

### Discharge from liability

- Pursuant to Paragraph 98 of Schedule B1, our discharge from liability (in respect of our actions as joint administrators) takes effect at a time determined by the relevant class of creditors, or the Court. In the circumstances of this case, it is for the Secured Creditor and Unsecured Creditors of IRUK LP to make that determination.
- We proposed that such discharge take effect from the date that our appointments as joint administrators cease to have effect.
- Approval was obtained from the Unsecured Creditors of IRUK LP by virtue of a qualifying decision procedure ending on 12 April 2022.
- Approval was obtained on 1 April 2022 from the Secured Creditor in respect of the other three entities.

### Joint Administrators' Remuneration

- We previously reported that the basis and quantum of our remuneration for acting as joint administrators had been determined by the relevant classes of creditors as follows:

Entity	Basis Approved	Value (£)
IRUK LP	Time costs (fees estimate)	775,000
IRUK GP	Set amount	40,000
IRUK N1	Set amount	5,000
IRUK N2	Set amount	5,000

- In conjunction with issuing this report, we are seeking approval from the Unsecured Creditors of IRUK LP to draw remuneration for acting as joint administrators of IRUK LP in excess of the approved fees estimate.
- In Appendix C we provide further details of this request, including an explanation of the additional work required in the Administration and why such approval is being sought. We also provide a general update on our time costs (and work done) in the Period and expenses incurred.

### Future reporting

- We are required to provide a further progress report to all creditors within one month of the end of the period ending 21 May 2023 (and 22 May 2023 for IRUK GP), or when the Administrations comes to an end, whichever is sooner.
- All documents will be retained on the website and will remain available until at least two months after the conclusion of the proceedings. If you require any hard copy documents, please contact us using the details provided earlier and you will be provided (free of charge) a hard copy of documents posted to the website either now or in the future.



# Estimated Outcomes for Creditors

## Secured and Preferential Creditors

**The Secured Creditor has the principal financial interest in the Administrations. A small dividend will be made available to the unsecured creditors of IRUK LP in due course.**

### Secured Creditor

- At the Appointment Date, the Secured Creditor was owed c.£52.9m plus accrued interest totalling £2.8m. As this debt is subject to fixed and floating charge security, we engaged an independent law firm Bryan Cave Leighton Paisner (“BCLP”) to undertake a review of all security and comment on its validity. BCLP confirmed the validity of the security.
- The fixed charge security extends to the following assets:
  - Land and buildings (by way of legal mortgage and fixed charge);
  - Investments (including IRUK N1 and IRUK N2, owned by IRUK GP); and
  - Controlled bank accounts.
- In broad terms, fixed charge recoveries for the Secured Creditor will arise from:
  - the sale of Eastgate (which is in progress);
  - the sale of a long leasehold interest in a small part of Eastgate for £1.1m (which has completed); and
  - rental receipts from tenants (net of funding and ongoing trading costs), the final outcome from which is dependent on the length of time before a sale of the Centre is completed.
- Assets in the Administrations that were not subject to fixed charge security principally consist of c.£931k of cash held by IRUK LP in a specifically designated service charge bank account held by MK. A limited partnership is unable to grant a floating charge over its assets meaning any surplus funds remaining (after costs) would not be available to the Secured Creditor under its security entitlements.
- However, as it is expected that the Secured Creditor will not recover its lending in full from security entitlements, it will be able to participate in the dividend to Unsecured Creditors to the extent of this shortfall.

### Utilisation of Uncharged Assets

- Opening cash balances that were not captured by the Secured Creditor’s security principally represent the service charge account balance, which in the ordinary course of business would be used to trade the Centre. However as a consequence of our appointment and the lack of floating charge security (in IRUK LP), we recognised that preferential creditors (if any) and unsecured creditors have an interest in this asset.
- As we expect the Secured Creditor to suffer a significant shortfall on its lending, it is highly likely to represent the majority of unsecured claims against IRUK LP and therefore receive the majority of any funds distributed to unsecured creditors.
- After discussion with our legal advisors and the Secured Creditor, it was agreed that uncharged funds up to the extent of the Secured Creditor’s anticipated dividend entitlement would be (and have been) utilised, in order to fund trading and in lieu of utilising the funding agreement.
- This approach required us to ring-fence and set aside sufficient funds that would be available for other unsecured creditors, based on valuation advice, further investigation on the quantum of unsecured claims and analysis of likely costs. We prudently assumed a ring-fenced sum of £50k and based on current expectations of sales value, the distribution to unsecured creditors (other than BLB) is likely to be less than the £50k set aside.

### Preferential Creditors

- Preferential creditors are certain categories of unsecured creditors that have preferential status under insolvency legislation.
- They are typically employee-related debts in relation to arrears of wages and unpaid holiday pay, subject to statutory limits. The RPS becomes a preferential creditor in place of employees (if any) once it has paid their statutory entitlements.
- Since December 2020, HMRC is also a preferential creditor for certain specified debts but ranks behind the preferential debts described above.
- No preferential claims are expected in any of the Companies and as a consequence, no preferential dividends are anticipated.

## Unsecured Creditors and Prescribed Part

**A small dividend will be made available to the unsecured creditors of IRUK LP. The Secured Creditor is expected to be the largest unsecured creditor, being the balance of its debt not recovered under security entitlements.**

### Dividend Prospects

- In an administration, dividends may become available for unsecured creditors from two sources:
  1. The statutory (ring-fenced) Prescribed Part fund; and/or
  2. The surplus remaining after any secured and preferential creditors have been repaid in full.
- The Prescribed Part applies to each of IRUK N1, IRUK N2 and IRUK GP as there is a floating charge created on or after 15 September 2003. However, a Prescribed Part dividend is not expected to be paid from any of these three entities as they have no known realisable assets. For the same reason, no other surplus is expected to be available for creditors of these companies.
- The Prescribed Part does not apply in relation to IRUK LP, as Section 176A IA86 does not apply to limited partnerships. However, a dividend is expected to become available for the unsecured creditors of IRUK LP from opening cash balances (after costs) that are not subject to the Lender's security.
- We are unable to provide a realistic estimate of the dividend available given uncertainty on the:
  - level of costs to be attributed against the uncharged realisations;
  - value of the property (and other fixed charge realisations) that will determine the extent of the Secured Creditor's shortfall that will rank alongside other unsecured creditors; and
  - the final quantum of unsecured claims.
- Similarly, the timing of any dividend is uncertain as it requires the determination of the Secured Creditor's shortfall. We will be considering this more closely as the sale process moves towards completion. In any event, the dividend is unlikely to be before Q2 2023.

### Creditor Claims

- In their Statement of Affairs, the directors' estimated that non-preferential unsecured claims against IRUK LP would be £450,654.
- As at 21 November 2022, claims totalling £51,129 have been received.
- We are expecting to receive another claim from the utility suppliers providing electricity to Eastgate and other creditors are still invited to submit a claim. Please contact us on the contact details provided earlier should you need any more information.

### Shareholders

- There will be no return to any of the Companies' members as there will be a material shortfall to their creditors.





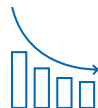


# Key Matters Remaining



## Work We Still Need To Do

The remaining steps that need to be taken ahead of concluding the Administrations are shown below, in addition to certain periodic statutory duties we must fulfil whilst we remain appointed.

Area	<p>Sale of Eastgate Centre</p> 	<p>Other assets</p> 	<p>Tax / VAT</p> 	<p>Distributions</p> 	<p>Winding-down</p> 
Work Required	<ul style="list-style-type: none"> <li>■ Together with our legal advisers and Savills we are actively engaged in the sales process with the selected prospective purchaser, responding to purchaser enquiries and negotiating a sale and purchase agreement.</li> </ul>	<ul style="list-style-type: none"> <li>■ Working closely with MK and SC whilst trading of the Centre continues.</li> <li>■ This will include the ongoing collection of rental, service charge and car park income.</li> </ul>	<ul style="list-style-type: none"> <li>■ Issue Corporation Tax returns for pre and post-administration periods</li> <li>■ Issue VAT Returns for the pre and post-administration periods now the de-registration issue has been resolved</li> </ul>	<ul style="list-style-type: none"> <li>■ Issuing Notices of Intended Dividend to unsecured creditors of IRUK LP;</li> <li>■ Adjudicating creditor claims, including notifying creditors where claims are rejected either in full or in part; and</li> <li>■ Declaring and paying the dividend.</li> </ul>	<ul style="list-style-type: none"> <li>■ Progress other matters required to wind-down the Companies' affairs prior to them being dissolved.</li> <li>■ The Land registry currently has extensive delays of 12-18 months to update changes of ownership. This will delay completion of the wind-down of the Companies.</li> </ul>
Timing	<ul style="list-style-type: none"> <li>■ Completion is anticipated for Q1 2023</li> </ul>	<ul style="list-style-type: none"> <li>■ Ongoing until the sale of the Centre completes.</li> </ul>	<ul style="list-style-type: none"> <li>■ Ongoing until all current and future income and expenditure has been duly accounted for, for tax purposes</li> </ul>	<ul style="list-style-type: none"> <li>■ Unlikely to be before Q2 2023</li> </ul>	<ul style="list-style-type: none"> <li>■ Contingent on Land Registry filings, but estimated to be Q1 2024.</li> </ul>



# Appendices

## Appendix A: Statutory Information

**Company Name:** Infrared UK Lion GP Limited

<b>Previous Name(s)</b>	n/a	<b>Administrators' Address</b>	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD
<b>Trading Names(s)</b>	Infrared UK Lion GP Limited	<b>Administrators' Recognised Professional Body</b>	ICAEW
<b>Registered Number</b>	08818231	<b>Functions of Administrators</b>	The Administrators may exercise any of the powers conferred on them by the IA1986 joint or severally
<b>Date of Incorporation</b>	17 December 2013	<b>Appointment Date</b>	23 November 2021
<b>Registered Office</b>	INFRARED UK LION GP LIMITED C/O FTI CONSULTING LLP, 200 Aldersgate Street, London, EC1A 4HD	<b>Appointer / Applicant</b>	The Directors of the Company, pursuant to Paragraph 22 of Sch B1.
<b>Former Registered Office</b>	Level 7 One Bartholomew Close Barts Square, London EC1A 7BL United Kingdom	<b>Objective being pursued</b>	To achieve 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).
<b>Court Name / Address</b>	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)	<b>EC Regulation</b>	The proceedings flowing from the appointment will be COMI proceedings (as defined in rule 1.2)
<b>Court Reference</b>	CR-2021-002153	<b>Changes in Administrator</b>	n/a
<b>Administrators' Names</b>	Andrew Johnson Ali Khaki Matthew Callaghan	<b>Current Administration End Date</b>	22 November 2023

## Statutory Information: continued

**Company Name:** Infrared UK Lion Limited Partnership

<b>Previous Name(s)</b>	n/a	<b>Administrators' Address</b>	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD
<b>Trading Names(s)</b>	Infrared UK Lion Limited Partnership	<b>Administrators' Recognised Professional Body</b>	ICAEW
<b>Registered Number</b>	LP015850	<b>Functions of Administrators</b>	The Administrators may exercise any of the powers conferred on them by the IA1986 joint or severally
<b>Date of Incorporation</b>	18 December 2013	<b>Appointment Date</b>	22 November 2021
<b>Registered Office</b>	C/O FTI CONSULTING LLP, 200 Aldersgate Street, London, EC1A 4HD	<b>Appointer / Applicant</b>	Appointed by members of the Limited Partnership under Paragraph 22 of Schedule B1 (as modified by Paragraph 9 of Schedule 2 IPO1994).
<b>Former Registered Office</b>	Level 7 One Bartholomew Close Barts Square London EC1A 7BL United Kingdom	<b>Objective being pursued</b>	To achieve 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), which is in accordance with Paragraph 52(1)(b) IA86.
<b>Court Name / Address</b>	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)	<b>EC Regulation</b>	The proceedings flowing from the appointment will be COMI proceedings (as defined in rule 1.2)
<b>Court Reference</b>	CR-2021-002168	<b>Changes in Administrator</b>	n/a
<b>Administrators' Names</b>	Andrew Johnson Ali Khaki Matthew Callaghan	<b>Current Administration End Date</b>	21 November 2023

## Statutory Information: continued

**Company Name:** Infrared UK Lion Nominee 1 Limited

<b>Previous Name(s)</b>	n/a	<b>Administrators' Address</b>	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD
<b>Trading Names(s)</b>	Infrared UK Lion Nominee 1 Limited	<b>Administrators' Recognised Professional Body</b>	ICAEW
<b>Registered Number</b>	08818236	<b>Functions of Administrators</b>	The Administrators may exercise any of the powers conferred on them by the IA1986 joint or severally
<b>Date of Incorporation</b>	17 December 2013	<b>Appointment Date</b>	22 November 2021
<b>Registered Office</b>	INFRARED UK LION Nominee 1 LIMITED, C/O FTI CONSULTING LLP, 200 Aldersgate Street, London, EC1A 4HD	<b>Appointer / Applicant</b>	The Directors of the Company, pursuant to Paragraph 24 of Sch B1.
<b>Former Registered Office</b>	Level 7 One Bartholomew Close Barts Square London EC1A 7BL United Kingdom	<b>Objective being pursued</b>	To achieve 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), which is in accordance with Paragraph 52(1)(b) IA86.
<b>Court Name / Address</b>	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)	<b>EC Regulation</b>	The proceedings flowing from the appointment will be COMI proceedings (as defined in rule 1.2)
<b>Court Reference</b>	CR-2021-002150	<b>Changes in Administrator</b>	n/a
<b>Administrators' Names</b>	Andrew Johnson Ali Khaki Matthew Callaghan	<b>Current Administration End Date</b>	21 November 2023

## Statutory Information: continued

**Company Name:** Infrared UK Lion Nominee 2 Limited

<b>Previous Name(s)</b>	n/a	<b>Administrators' Address</b>	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD
<b>Trading Names(s)</b>	Infrared UK Lion Nominee 2 Limited	<b>Administrators' Recognised Professional Body</b>	ICAEW
<b>Registered Number</b>	08818235	<b>Functions of Administrators</b>	The Administrators may exercise any of the powers conferred on them by the IA1986 joint or severally
<b>Date of Incorporation</b>	17 December 2013	<b>Appointment Date</b>	22 November 2021
<b>Registered Office</b>	INFRARED UK LION Nominee 2 LIMITED C/O FTI CONSULTING LLP, 200 Aldersgate Street, London, EC1A 4HD	<b>Appointer / Applicant</b>	The Directors of the Company, pursuant to Paragraph 24 of Sch B1.
<b>Former Registered Office</b>	Level 7 One Bartholomew Close Barts Square London EC1A 7BL United Kingdom	<b>Objective being pursued</b>	To achieve 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), which is in accordance with Paragraph 52(1)(b) IA86.
<b>Court Name / Address</b>	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)	<b>EC Regulation</b>	The proceedings flowing from the appointment will be COMI proceedings (as defined in rule 1.2)
<b>Court Reference</b>	CR-2021-002152	<b>Changes in Administrator</b>	n/a
<b>Administrators' Names</b>	Andrew Johnson Ali Khaki Matthew Callaghan	<b>Current Administration End Date</b>	21 November 2023



## Appendix B: Receipts and Payments Account

### IRUK LP fixed charge receipts and payments for the period from 22 May 2022 to 21 November 2022.

		Statement of Affairs	22-Nov-21 to 21-May-22	22-May-22 to 21-Nov-22	22-Nov-21 to 21-Nov-22
		£	£	£	£
<b>Fixed Charge Receipts</b>					
Freehold Land & Property	1	34,200,000	1,100,000.00	-	1,100,000.00
Bank Interest			177.31	907.49	1,084.80
Cash at Bank	2		1,645,269.48	-	1,645,269.48
Pre Admin Rental Income	3		729,584.53	355,305.39	1,084,889.92
Rental Income	4		1,454,081.09	1,919,374.88	3,373,455.97
Car Park Income	5		124,612.17	129,034.81	253,646.98
Unallocated Cash	6		87,162.68	122,272.88	209,435.56
<b>Subtotal</b>			<b>5,140,887.26</b>	<b>2,526,895.45</b>	<b>7,667,782.71</b>
<b>Fixed Charge Payments</b>					
Office Holders Fees	7		229,380.90	94,994.82	324,375.72
Office Holders Expenses			-	71.72	71.72
Office Holders Disbursements			-	225.00	225.00
Professional & Legal Fees	8		113,457.01	232,641.00	346,098.01
Pre-Administration Legal Fees			32,830.14	-	32,830.14
Insurance	9		280,475.19	-	280,475.19
VAT Irrecoverable	10		7,382.74	320.00	7,702.74
Bank Charges			14.90	-	14.90
Professional & Legal Fees (Planning)	11		220,116.77	100,568.40	320,685.17
Car Park Expenses	12		123,978.70	188,256.70	312,235.40
Secured Creditor Trading Funding			500,050.27	1,156,280.77	1,656,331.04
Secured Creditor Uncharged Funding			168,004.30	63,179.28	231,183.58
Sales Fees			-	39,495.00	39,495.00
<b>Subtotal</b>			<b>(1,675,690.92)</b>	<b>(1,876,032.69)</b>	<b>(3,551,723.61)</b>
<b>Fixed Charge Surplus/Deficit</b>			<b>3,465,196.34</b>	<b>650,862.76</b>	<b>4,116,059.10</b>

### Notes

- Freehold Land & Property** – The total receipts received from the sale of a single Eastgate unit to a third party. The Statement of Affairs (estimated to realise) figure also includes the sale of Eastgate which has not yet completed.
- Cash at Bank** – Funds recovered from HSBC accounts which are subject to the Lender's fixed charge security. No amounts from these accounts can be utilised without the agreement of the Secured Lender.
- Pre Admin Rent Income** – This is rental income received against applications for payment issued to tenants prior to the Administration, with payment made by the tenant following Administration.
- Rental Income** – Rental receipts from tenants for applications for payment raised after our appointment.
- Car Park Income** – Car park receipts from Eastgate.
- Unallocated Cash** – This is cash that has been received from tenants but yet not allocated against individual tenant accounts. This includes rent, service charge and other income.
- Office Holders Fees** – Approved remuneration drawn in the Period and allocated against fixed charge receipts.
- Professional & Legal Fees** – Includes all fees relating to tenant leases and legal costs relating to the Administration (these exclude professional and legal fees associated with planning).
- Insurance** – The premium for putting insurance cover in place at Eastgate.
- VAT Irrecoverable** – VAT payable in respect of pre-Administration invoices paid and consequently the VAT can not be recovered.
- Professional Fees (Planning)** - All fees relating the planning application.
- Car Park Expenses** - The associated day to day running costs of the car park<sub>27</sub>

## Appendix B: Receipts and Payments Account

### IRUK LP uncharged receipts and payments for the period from 22 May 2022 to 21 November 2022 and statement of funds held.

		Statement of Affairs	22-Nov-21 to 21-May-22	22-May-22 to 21-Nov-22	22-Nov-21 to 21-Nov-22
		£	£	£	£
<b>Uncharged Receipts</b>					
Secured Creditor Trading & Uncharged Funding			168,004.30	63,179.28	231,183.58
Book Debts	1		504.00	-	504.00
Cash at Bank	2	2,306	928,067.68	-	928,067.68
Insurance Refund	3		72,129.80	-	72,129.80
Other Sundry Debtors		567,609	-	-	-
Balance from Trading Account	4		(494,918.89)	248,552.55	(246,366.34)
<b>Subtotal</b>			<b>673,786.89</b>	<b>311,731.83</b>	<b>985,518.72</b>
<b>Uncharged Payments</b>					
Funding Arrangement Fee			50,000.00	-	50,000.00
Office Holders Fees	5		152,920.60	63,329.88	216,250.48
Re-Direction of Mail	6		1,185.00	(150.60)	1,034.40
Statutory Advertising			368.00	-	368.00
Legal Fees			14,277.74	-	14,277.74
Pre-Administration Legal Fees			21,886.76	-	21,886.76
<b>Subtotal</b>			<b>(240,638.10)</b>	<b>(63,179.28)</b>	<b>(303,817.38)</b>
<b>Uncharged Surplus/Deficit</b>			<b>433,148.79</b>	<b>248,552.55</b>	<b>681,701.34</b>
<b>Net realisations (fixed and uncharged)</b>					
			<b>3,898,345.13</b>	<b>899,415.31</b>	<b>4,797,760.44</b>
<b>Represented By</b>					
Cash at Bank	7		3,906,227.51		4,888,004.67
Net VAT Position	8		(57,882.38)		(140,244.23)
Allocated Unsecured Dividend (Held in Cash at Bank)			50,000.00		50,000.00
<b>Subtotal</b>			<b>3,898,345.13</b>		<b>4,797,760.44</b>

#### Notes

- Book Debts** - The recovery of a historic overpayment of supplier invoices.
- Cash at Bank** - Funds held in the MK Collections and Service Charge Accounts. These funds are held in MK accounts in the name of the Partnership and funds flows are subject to our approval. The Collections Account includes a proportion of rental income which will be subject to the fixed charge.
- Insurance Refund** - The refund from Eastgate's pre-Administration insurance policy as a consequence of the term being cut short.
- Trading Account** - See our further comments on the trading position on the following page.
- Office Holders Fees** - The total fees paid to the Administrators on a time-cost basis following the receipt of relevant approvals (a proportion of office holder fees has also been allocated against the fixed charge).
- Re-Direction of Mail** - The cost to ensure we receive all relevant information sent to the entities' previous addresses. A refund was received from Royal Mail during the period.
- Cash at Bank** - Interest accrued has all been realised in relation to Fixed Charge bank accounts. These funds are held by both MK, as noted above, and FTI.
- VAT** - All amounts shown in the table are exclusive of VAT.

## Appendix B: Receipts and Payments Account

IRUK LP trading account for the period from 22 May 2022 to 21 November 2022, to be read in conjunction with the fixed charge rental income to understand the current trading position of the Centre during the Administration.

£	22-Nov-21 to 21-May-22	22-May-22 to 21-Nov-22	22-Nov-21 to 21-Nov-22
<b>Trading Receipts</b>			
Service Charge Income	582,781.81	700,484.23	1,283,266.04
Other Income	16,760.92	548.21	17,309.13
Secured Creditor Service Charge Contribution	500,050.27	1,156,280.77	1,656,331.04
<b>Total Receipts</b>	<b>1,099,593.00</b>	<b>1,857,313.21</b>	<b>2,956,906.21</b>
<b>Trading Payments</b>			
Bad Debts Written Off	-	115,726.86	115,726.86
Bank Charges	1 102.01	(336.26)	(234.25)
Direct Labour	10,968.14	18,603.82	29,571.96
Direct Property Management Expense	79,890.16	100,152.09	180,042.25
Health and Safety	2 37,722.43	51,382.88	89,105.31
Indirect Labour	3 159,006.58	136,220.97	295,227.55
Insurance Expense	190.00	4,589.50	4,779.50
Marketing & Advertising Expense	65,940.15	93,721.81	159,661.96
Miscellaneous Expenditure	68,323.78	8,474.88	76,798.66
Payroll Taxes	6,845.29	14,159.02	21,004.31
Professional Fees	4 119,781.50	123,281.50	243,063.00
Ransom Creditors	5 106,163.75	7,000.00	113,163.75
Repairs & Maintenance	6 589,944.15	644,698.17	1,234,642.32
Security Expense	7 230,688.96	239,452.15	470,141.11
Service Charge Contribution	8 508,262.61	34,063.69	542,326.30
Suspense Account - Suppliers	9 (561,619.05)	(153,494.83)	(715,113.88)
Utilities	10 172,301.43	171,064.41	343,365.84
<b>Total Payments</b>	<b>1,594,511.89</b>	<b>1,608,760.66</b>	<b>3,203,272.55</b>
<b>Trading Surplus/(Deficit)</b>	<b>(494,918.89)</b>	<b>248,552.55</b>	<b>(246,366.34)</b>

\*Note: Due to timing differences, the previous Progress Report's Trading Account property expenses were understated by c.£73k. This has been adjusted for in the Period.

### Notes

- All of the Companies' trading is done through IRUK LP and therefore no trading account has been produced for IRUK N1, IRUK N2 or IRUK GP. All rental income is subject to fixed charge security. Since our appointment, c.£3.3m has been collected, as shown earlier.
- Trading income consists of the following receipts:
  - **Service Charge Income** – Monies paid by tenants in respect of the Service Charge for both pre and post Administration periods. The Secured Creditor Service Charge Contribution is in lieu of amounts payable by landlords in respect of vacant units.
  - **Other Income** – collected directly from tenants for their proportion of different costs (e.g. insurance, electric, water) for Eastgate.
- Trading payments are set out below:
  1. **Bank Charges** – Bank charges and Interest expense are combined. There was an interest income balance this period.
  2. **Health & Safety** – costs incurred to ensure that the Centre maintains the necessary standards to comply with health and safety regulations.
  3. **Indirect Labour** – Centre staff who are employed by MK.
  4. **Professional Fees** – Professional fees incurred and specific to the day-to-day running of Eastgate e.g. MK's property manager fees.
  5. **Ransom Creditors** – payments to suppliers in respect of their unsecured claims in order to procure ongoing supplies.
  6. **Repairs & Maintenance** – ongoing repairs and maintenance to Eastgate. Typically this is work conducted as a consequence of general wear and tear to the building.
  7. **Security Expense** – costs of maintaining security at the site, including on-site guards.
  8. **Service Charge Contribution** – funding required to meet the proportion of the Landlord costs due in respect of the Service Charge.
  9. **Suspense Account** – Supplier invoices raised and allocated to the expense code<sup>29</sup> as Trading Payments but not yet paid.
  10. **Utilities** - consists of electric and gas costs for communal areas at the Centre.

## Appendix B: Receipts and Payments Account

The accounts below cover the relevant period in relation to IRUK GP only. As the main trading entity is IRUK LP, there are limited receipts and payments in the remaining entities.

### IRUK GP - Administrators' Account of Receipts And Payments

	Statement of Affairs	23 November 2021 to 22 May 2022	23 May 2022 to 22 November 2022	23 November 2021 to 22 November 2022
	£	£	£	£
<b>Fixed Charge Receipts</b>				
Cash at Bank	304	273.85		273.85
Fixed Charge Bank Interest		0.04	0.06	0.10
<b>Subtotal</b>		<b>273.85</b>		<b>273.95</b>
<b>Fixed Charge Payments</b>				
Fixed Charge Bank Charges		12.57	-	12.57
<b>Subtotal</b>		<b>(12.57)</b>	-	<b>(12.57)</b>
<b>Fixed Charge Surplus/Deficit</b>		<b>261.28</b>	-	<b>261.38</b>
<b>Net realisations</b>		<b>261.28</b>		<b>261.38</b>

## Appendix B: Receipts and Payments Account

The accounts below cover the relevant period in relation to IRUK N1 and IRUK N2 only. As the main trading entity is IRUK LP, there are no receipts and payments in these entities.

IRUK N1 - Administrators' Account of Receipts And Payments				
Statement of Affairs	22 November 2021 to 21 May 2022	22 May 2022 to 21 November 2022	22 November 2021 to 21 November 2022	
£	£	£	£	£
<b>Distributions</b>				
Ordinary Shareholders	1	-	-	-
<b>Subtotal Represented By</b>				
Cash at Bank	-	-	-	-
<b>Subtotal</b>	-	-	-	-

IRUK N2 - Administrators' Account of Receipts And Payments				
Statement of Affairs	22 November 2021 to 21 May 2022	22 May 2022 to 21 November 2022	22 November 2021 to 21 November 2022	
£	£	£	£	£
<b>Distributions</b>				
Ordinary Shareholders	1	-	-	-
<b>Subtotal Represented By</b>				
Cash at Bank	-	-	-	-
<b>Subtotal</b>	-	-	-	-

## Appendix C: Joint Administrators' Remuneration and Expenses

**Our remuneration for acting as Joint Administrators is on a time cost basis for IRUK LP and a set (fixed) amount for the other companies, the latter of which will be funded by the Secured Creditor.**

### Overview

- In our previous report (and as summarised earlier) we gave details of the manner in which our remuneration had been approved by the relevant classes of creditors for each of the entities.
- In this Appendix we provide additional detail on the work done in the Period, an update on expenses incurred in the Administrations and in relation to IRUK LP only:
  - an analysis of our time costs for the Period and the cumulative position to date;
  - a reminder of our time charge policy and hourly rates that apply to the work performed; and
  - details of a request to see approval to draw remuneration in excess of the fees estimate previously agreed.
- The Secured Creditor will be providing sufficient funding to pay our remuneration in relation to IRUK GP, IRUK N1 and IRUK N2, as those companies have no (or insufficient) assets.
- Our remuneration for acting as joint administrators of IRUK LP will be paid from fixed and uncharged asset realisations, subject (at all times) to having obtained the necessary approval to draw funds from the estate for this purpose.
- We spent 742 hours in the Period progressing the Administration of IRUK LP, at an average hourly rate of £383.5, giving a cost of £284,544. The total cost for the Administration to 21 November 2022 is £764,443.5 which consists of 1,999 hours at an average cost of £382.4 per hour.
- The total cost is less than our initial fees estimate of £775,000. However, for the reasons explained earlier and in the Appendix, we expect our total costs to exceed this estimate and approval is being sought to increase the amount we can draw.

### Fees Estimate (IRUK LP only)

- The table overleaf shows the time expected to be required in each area of the IRUK LP Administration and the estimated cost based on the charge-out rates given later. Our total revised fees estimate is c.£1.2m, representing 2,794 hours at an average rate of £385 per hour. As set out in the table, this is an increase of £425k compared to our initial fees estimate of £775k.
- The reasons for exceeding our initial fees estimate are set out below:
  - The Administration has gone beyond its first-year anniversary due to the timing of the sale of Eastgate, which will require us to undertake additional statutory and regulatory work. In addition, due to delays at the Land Registry we are expecting the Administration to go beyond its second anniversary and therefore an application to court for a further extension of the Administration is likely.
  - Additional time will be spent in concluding the sale of Eastgate including liaising with advisors and ensuring that diligence requests by the purchaser are satisfied in order to ensure a successful sale.
  - There will be a short further period of continuing to trade Eastgate that was not anticipated in our initial fees estimate, and as part of this ongoing trading, regular updates will continue to be issued to the Secured Lender.
  - Work required to complete the additional corporation tax returns and quarterly VAT returns, as a consequence of the extension of the IRUK LP Administration. Additionally, time has been spent pursuing a VAT registration from HMRC after the Group was de-registered in error.
- Should no additional work be necessary beyond that which is now included in the revised fees estimate and detailed above, we do not expect our costs to exceed the revised fees estimate; and no further approval should be required.

## Appendix C: Joint Administrators' Revised Fees Estimate

**Our revised fees estimate is £1.2m based on costs to date of c.£0.77m and our assessment of future work required in the Administrations.**

	Estimate for admin pre extension			Incurred to date			To be incurred			Total Revised Estimate		
	Avg £/Hr	Hr	£	Avg £/Hr	Hr	£	Avg £/Hr	Hr	£	Avg £/Hr	Hr	£
Administration and Planning	535	175	93,625	333	292	97,186	333	165	55,000	535	455	152,186
Investigations	252	100	25,200	346	81	27,886	0	0	0	201	81	27,886
Realisation of assets	333	480	159,800	496	186	92,094	496	202	100,000	333	367	192,094
Trading	447	750	335,250	393	886	348,189	393	154	60,557	447	961	408,745
Creditors	529	125	66,125	344	190	65,184	344	436	150,000	529	250	215,184
Tax	350	100	35,000	507	62	31,184	507	79	40,000	350	298	71,184
Reporting	300	200	60,000	338	304	102,721	338	89	30,000	300	383	132,721
<b>Administrators' fee estimate</b>	<b>392</b>	<b>1,930</b>	<b>775,000</b>	<b>394</b>	<b>1,999</b>	<b>764,444</b>	<b>344</b>	<b>1,125</b>	<b>435,557</b>	<b>385</b>	<b>2,794</b>	<b>1,200,000</b>
<b>Total estimate inclusive of VAT</b>												

### Creditors' Decision:

We are seeking approval to the following resolution with respect to our fees:

- *That the Joint Administrators' fees estimate be increased to £1,200,000 plus VAT.*

See Appendix F of further details on the decision procedure, including the deadline for creditors to submit their votes.

## Appendix C: Joint Administrators' Remuneration and Expenses.

**Our remuneration for acting as joint administrators of IRUK LP is on a time cost basis, therefore our time charging policy and hourly charge out rates are important factors.**

### Staff Allocation

- Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team at any point in time will usually consist of one or more of the grades shown in the table opposite, depending on the anticipated size and complexity of the assignment.
- Work is delegated to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and they are supervised accordingly to maximise the cost effectiveness of the work done. Complex issues or important matters of exceptional responsibility are handled by more experienced senior staff or the office-holders themselves.

### Time Charging Policy

- All of our staff who work on the case charge time directly to it and are included in any analysis of time charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard. Time is charged in six minute units. We don't charge general overhead costs.
- During the administration of the insolvency, will also utilise the services of specialist teams within FTI Consulting LLP, principally in relation to VAT and tax matters and the costs of which are included within our fees estimate. We consider that the rates chargeable for these services are in line with general market practice and that the service is at least comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and efficient approach to the relevant workstreams is possible.

### Hourly Rates

- A schedule of FTI's charge-out rates (exclusive of VAT) for this assignment is shown below. These rates will also be applicable to our specialist tax and VAT colleagues.

Grade of Staff	2021	Pre-Oct	Post-Oct
	(£/hour)	2022 (£/hour)	2022 (£/hour)
Senior Managing Director	647.50	672.00	756.00
Managing Director	556.50	577.50	651.00
Senior Director	518.00	539.00	605.50
Director	462.00	479.50	539.00
Senior Consultant	409.50	427.00	479.50
Consultant	350.00	364.00	409.50
Associate	164.50	171.50	192.50

- In common with many professional firms, these rates may rise to cover inflationary cost increases. Any changes will be notified to creditors in our next statutory report.



## Appendix C: Joint Administrators' Remuneration and Expenses continued

### Analysis of time incurred for the period from 22 May 2022 to 21 November 2022 (IRUK LP only).

Task		Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost
<b>Administration and Planning</b>							
Strategy and planning	A1	1.0	15.5	-	8.5	25.0	10,211.3
Appointment and related formalities	A3	-	-	-	20.3	20.3	3,769.2
Receipts and payments accounts	A4	-	0.5	0.4	9.0	9.9	2,024.1
Cashiering and reconciliations	A6	-	5.0	-	16.6	21.6	6,117.7
<b>Subtotal</b>		<b>1.0</b>	<b>21.0</b>	<b>0.4</b>	<b>54.4</b>	<b>76.8</b>	<b>22,122.1</b>
<b>Investigations</b>							
Correspondence with directors	B1	-	-	-	2.5	2.5	428.8
Books and records	B5	-	3.8	-	-	3.8	2,231.3
<b>Subtotal</b>		<b>-</b>	<b>3.8</b>	<b>-</b>	<b>2.5</b>	<b>6.3</b>	<b>2,660.0</b>
<b>Realisation of assets</b>							
Sale of business	C2	1.0	48.5	-	-	49.5	30,587.6
Post-completion obligations	C3	-	0.3	-	-	0.3	173.3
Other assets	C7	-	3.5	-	-	3.5	2,021.3
Fixed Charge Property	C10	-	4.0	-	-	4.0	1,918.0
<b>Subtotal</b>		<b>1.0</b>	<b>56.3</b>	<b>0.0</b>	<b>6.6</b>	<b>63.9</b>	<b>35,832.0</b>
<b>Trading</b>							
Ongoing trading / monitoring	D2	-	188.7	-	101.7	290.4	122,020.2
Employees - Payroll	D4	-	2.7	-	-	2.7	1,596.0
Employees - HR Issues	D5	-	17.0	-	-	17.0	9,817.5
<b>Subtotal</b>		<b>0.0</b>	<b>208.4</b>	<b>0.0</b>	<b>101.7</b>	<b>310.1</b>	<b>133,433.7</b>
<b>Creditors (correspondence and claims)</b>							
Unsecured creditors	E1	-	2.5	-	4.0	6.5	2,033.5
Secured creditors	E2	0.5	0.5	-	95.1	96.1	18,931.5
<b>Subtotal</b>		<b>0.5</b>	<b>3.0</b>	<b>0.0</b>	<b>99.1</b>	<b>102.6</b>	<b>20,965.0</b>
<b>Tax</b>							
Pre-appointment CT	F2	-	3.0	-	-	3.0	1,816.5
Post appointment VAT	F5	-	8.3	-	0.5	8.8	4,986.8
Tax advice on transactions	F6	-	3.5	0.4	-	3.9	2,174.6
Other post appointment tax	F7	-	0.2	-	2.8	3.0	625.1
<b>Subtotal</b>		<b>0.0</b>	<b>15.0</b>	<b>0.4</b>	<b>3.3</b>	<b>18.7</b>	<b>9,603.0</b>
<b>Reporting</b>							
Other statutory reports/meetings	G3	2.0	51.3	-	53.1	106.4	38,027.5
Secured creditor reports	G4	-	26.8	-	30.3	57.1	21,900.9
<b>Subtotal</b>		<b>2.0</b>	<b>78.1</b>	<b>0.0</b>	<b>83.4</b>	<b>163.5</b>	<b>59,928.4</b>
<b>Total Time by Grade</b>		<b>4.5</b>	<b>385.6</b>	<b>0.8</b>	<b>351.0</b>	<b>741.9</b>	
<b>Total Cost by Grade</b>		<b>3,192.0</b>	<b>217,668.2</b>	<b>383.6</b>	<b>63,300.3</b>	<b>284,544.1</b>	
<b>Average by Grade</b>		<b>709.3</b>	<b>564.5</b>	<b>479.5</b>	<b>180.3</b>	<b>383.5</b>	

# Appendix C: Joint Administrators' Remuneration and Expenses

## Analysis of time incurred for the IRUK LP Administration (from 22 November 2021 to 21 November 2022).

Task		Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost
<b>Administration and Planning</b>							
Strategy and planning	A1	4.0	86.0	3.0	20.5	113.5	51,344.9
Initial actions	A2	1.5	9.8	-	38.1	49.4	12,696.6
Appointment and related formalities	A3	1.5	5.4	-	49.2	56.1	12,561.2
Receipts and payments accounts	A4	-	7.7	0.4	13.0	21.1	6,570.6
Checklist and reviews	A5	-	3.1	-	0.6	3.7	1,876.4
Cashiering and reconciliations	A6	-	7.9	-	38.6	46.5	11,503.1
Bonding and IPS maintenance	A7	-	0.4	1.0	-	1.4	633.7
<b>Subtotal</b>		<b>7.0</b>	<b>120.3</b>	<b>4.4</b>	<b>160.0</b>	<b>291.7</b>	<b>97,186.4</b>
<b>Investigations</b>							
Correspondence with directors	B1	-	1.0	-	2.5	3.5	995.8
Directors questionnaire/checklists	B2	-	2.2	-	5.0	7.2	2,115.4
Statement of affairs	B3	-	13.5	-	6.3	19.8	8,679.3
Reports of Directors' conduct	B4	-	16.7	-	28.3	45.0	13,196.4
Books and records	B5	-	4.3	-	-	4.3	2,509.5
Electronic records	B6	-	0.7	-	-	0.7	389.6
<b>Subtotal</b>		<b>-</b>	<b>38.4</b>	<b>0.0</b>	<b>42.1</b>	<b>80.5</b>	<b>27,885.9</b>
<b>Realisation of assets</b>							
Cash and investments	C1	-	6.8	-	18.7	25.5	7,022.8
Sale of business	C2	1.0	108.0	-	-	109.0	64,915.2
Post-completion obligations	C3	-	0.3	-	-	0.3	173.3
Stock and WIP	C5	-	-	-	6.6	6.6	1,131.9
Property, plant and vehicles	C6	-	14.4	-	13.7	28.1	10,564.8
Other assets	C7	-	6.0	-	0.4	6.4	3,481.1
Health & Safety/Insurance	C8	-	0.8	-	-	0.8	451.5
Legal issues/litigation	C9	-	0.5	-	-	0.5	278.3
Fixed Charge Property	C10	-	8.5	-	-	8.5	4,075.8
<b>Subtotal</b>		<b>1.0</b>	<b>145.3</b>	<b>0.0</b>	<b>39.4</b>	<b>185.7</b>	<b>92,094.5</b>
<b>Trading</b>							
Initial control of operations	D1	1.2	3.2	-	0.5	4.9	2,640.1
Ongoing trading / monitoring	D2	-	435.3	20.0	351.7	807.0	305,088.1
Employees - Payroll	D4	-	35.2	-	2.5	37.7	20,541.5
Employees - HR Issues	D5	-	33.8	-	2.9	36.7	19,918.9
<b>Subtotal</b>		<b>1.2</b>	<b>507.5</b>	<b>20.0</b>	<b>357.6</b>	<b>886.3</b>	<b>348,188.5</b>
<b>Creditors (correspondence and claims)</b>							
Unsecured creditors	E1	-	8.9	-	15.2	24.1	7,056.7
Secured creditors	E2	18.5	46.9	2.0	97.6	165.0	58,044.7
Lease creditors	E7	-	-	-	0.5	0.5	82.3
<b>Subtotal</b>		<b>18.5</b>	<b>55.8</b>	<b>2.0</b>	<b>113.3</b>	<b>189.6</b>	<b>65,183.7</b>
<b>Tax</b>							
Initial reviews CT and VAT	F1	-	0.5	-	-	0.5	288.8
Pre-appointment CT	F2	-	3.0	-	-	3.0	1,816.5
Pre-appointment VAT	F3	-	0.9	-	-	0.9	500.9
Post appointment CT	F4	-	0.4	-	-	0.4	226.8
Post appointment VAT	F5	-	14.8	4.0	0.5	19.3	10,146.2
Tax advice on transactions	F6	1.5	6.5	0.4	0.7	9.1	5,009.2
Other post appointment tax	F7	-	25.4	-	2.9	28.3	13,195.4
<b>Subtotal</b>		<b>1.5</b>	<b>51.5</b>	<b>4.4</b>	<b>4.1</b>	<b>61.5</b>	<b>31,183.6</b>
<b>Reporting</b>							
Proposals	G2	1.0	40.2	-	82.6	123.8	35,842.8
Other statutory reports/meetings	G3	2.5	58.1	-	57.8	118.4	42,758.8
Secured creditor reports	G4	-	26.8	3.0	30.3	60.1	23,127.9
Secured creditor calls	G5	0.5	1.2	-	-	1.7	991.6
<b>Subtotal</b>		<b>4.0</b>	<b>126.3</b>	<b>3.0</b>	<b>170.7</b>	<b>304.0</b>	<b>102,721.1</b>
<b>Total Time by Grade</b>		<b>33.2</b>	<b>1,045.1</b>	<b>33.8</b>	<b>887.2</b>	<b>1,999.3</b>	
<b>Total Cost by Grade</b>		<b>22,020.3</b>	<b>574,373.5</b>	<b>14,024.6</b>	<b>154,025.2</b>	<b>764,443.5</b>	
<b>Average by Grade</b>		<b>663.3</b>	<b>549.6</b>	<b>414.9</b>	<b>173.6</b>	<b>382.4</b>	

## Appendix C: Joint Administrators' Remuneration and Expenses

**In broad terms, our work includes realising the Companies' assets, quantifying its liabilities and returning funds to creditors, managing the Companies' affairs and fulfilling our statutory obligations as joint administrators.**

Earlier in this report, we described the main areas of our work in the Administrations during the Period covered by this report. The table below provides more detail, but is not an exhaustive list of all work performed. Also provided is an indicated of whether the work provided a financial benefit for creditors or whether (for example) it was required by statute.

Area of work	Description of work	Reason and benefit for creditors
Controlling the appointment	<ul style="list-style-type: none"> <li>■ <b>Case reviews:</b> periodic reviews of the Administration, typically every six-months.</li> <li>■ <b>Financial Management:</b> preparing and maintaining cost budgets, estimated outcome statements etc, as appropriate for the case.</li> </ul>	<ul style="list-style-type: none"> <li>■ We have a duty to perform our functions as quickly and efficiently as reasonably practicable in the best interests of the creditors as a whole.</li> <li>■ Whilst not necessarily generating a direct financial benefit for creditors, these areas of our work ensure that our strategies to maximise realisations and minimise costs (and liabilities where possible), are kept under review and amended as appropriate.</li> </ul>
Trading Supervision	<ul style="list-style-type: none"> <li>■ <b>Cashflow:</b> Quarterly cashflow forecasts to monitor future liquidity.</li> <li>■ <b>Leasing:</b> Reviewing and renewing tenant leases with the support of our advisors.</li> <li>■ <b>Trading:</b> Liaising closely with the Property Managers to ensure the efficient and business-as-normal operations of the Centre</li> </ul>	<ul style="list-style-type: none"> <li>■ Trading the Centre is part of our strategy of maximising the value of the Centre, which is a direct financial benefit for creditors, together with any trading surplus.</li> </ul>
Realising the Assets	<ul style="list-style-type: none"> <li>■ <b>Sale of business:</b> During the period we conducted a marketing process which concluded in Mid-November. A Heads of Terms has been executed with a preferred purchaser who is currently completing due diligence ahead of exchange of contracts.</li> </ul>	<ul style="list-style-type: none"> <li>■ The sale of business provides a direct financial benefit for creditors and includes the work required after completion pursuant to the terms of the sale agreement, or otherwise.</li> </ul>

## Appendix C: Joint Administrators' Remuneration and Expenses

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as Joint Administrators.

Area of work	Description of work	Reason and benefit for creditors
Dealing with Creditors	<ul style="list-style-type: none"> <li>■ <b>Secured creditors:</b> liaising with / periodic reporting to the Secured Creditor; and making distributions from asset realisations under security entitlements.</li> <li>■ <b>Unsecured claims agreement:</b> reviewing claims where an unsecured dividend is expected; including liaising with the creditors regarding the provision of supporting information and responding to queries.</li> <li>■ <b>Creditor queries:</b> for all classes of creditors, shareholders and other third parties: responding to inbound queries received to the extent possible and necessary.</li> </ul>	<ul style="list-style-type: none"> <li>■ Where available, distributions and dividends represent a repayment to creditors in respect of the amounts owed to them by the Company and therefore is a tangible financial benefit from the insolvency proceedings.</li> <li>■ During the course of claims agreement, we perform an proportionate level work with an appropriate degree of scrutiny taking into account the quantum of the dividend available, to avoid incurring unnecessary costs and to avoid adversely impacting the recovery for creditors.</li> <li>■ Responding to general inbound queries can take considerable time and does not have a direct financial benefit for creditors, except for example (for individual creditors) where it is to provide debt confirmations for the purpose of credit insurance claims. To the extent possible, we encourage creditors to review information already available on our website.</li> </ul>

## Appendix C: Joint Administrators' Remuneration and Expenses

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as Joint Administrators.

Area of work	Description of work	Reason and benefit for creditors
Managing the Company's Affairs	<ul style="list-style-type: none"> <li>■ <b>Corporation Tax:</b> prepare and submit the necessary and periodic tax returns falling due during the Administration; and requesting clearance from HMRC prior to ceasing to act as Joint Administrators.</li> <li>■ <b>VAT:</b> prepare and submit the necessary and periodic VAT returns falling due during the Administration; and requesting clearance from HMRC prior to ceasing to act as Joint Administrators. This work will include making payments to (or requesting refunds from) HMRC and maintaining adequate VAT accounts. In addition we have been in significant correspondence with HM Revenue &amp; Customs regarding a resolution to the Company having been incorrectly de-registered for a period of time.</li> <li>■ To facilitate the above work, an initial review will be performed by our internal Tax and VAT specialists; and all the information likely to be required will be obtained from the Company's records and HMRC.</li> <li>■ <b>Books and records:</b> agree the strategy for the safeguarding and destruction (when required) of the Company's records. This is expected to include a data capture of certain of the Company's electronic records, taking possession of the statutory books and other records likely to be required for the purpose of the Administration; including in respect of our duties to review the conduct of the directors.</li> <li>■ <b>Receipts, payments and accounting journals:</b> maintaining adequate accounting records for the period of the Administration, including the payment of costs and expenses.</li> </ul>	<ul style="list-style-type: none"> <li>■ We have a statutory responsibility to complete and submit post-insolvency tax and VAT returns and account for any tax due.</li> <li>■ As circumstances can often be complex, the involvement of our VAT and tax specialists ensures that the Company pays the correct amount of tax, to avoid adversely impacting any amounts available for creditors.</li> <li>■ Dealing with the Company's books and records does not necessarily give a financial benefit to creditors, although they are essential when any defending actions against the Company's from third parties and when adjudicating creditor claims.</li> </ul>

## Appendix C: Joint Administrators' Remuneration and Expenses

In broad terms our work includes realising the Company's assets, quantifying its liabilities and returning funds to creditors, managing the Company's affairs and fulfilling our statutory obligations as Joint Administrators.

Area of work	Description of work	Reason and benefit for creditors
Fulfilling our Statutory Duties	<ul style="list-style-type: none"> <li>■ <b>Progress reports:</b> preparing and issuing six-monthly (and final) progress reports to creditors, including receipts and payments accounts.</li> <li>■ <b>Extensions to the Administration:</b> (if required in order to achieve the objective of the Administration and complete our work) requesting the necessary extension(s) from the relevant class(es) of creditors, or the court.</li> </ul>	<ul style="list-style-type: none"> <li>■ Due to the impact of insolvency on a company's creditors and members, there are statutory requirements to give notice of the appointment of administrators to affected parties. There is no financial benefit to creditors.</li> <li>■ The various other workstreams arise from statutory requirements due to the Company being in an insolvency process and similarly do not have any direct financial benefit for creditors. Many requirements are for the purpose of keeping creditors informed about the Administration and to protect their interests generally.</li> </ul>

## Appendix C: Joint Administrators' Remuneration and Expenses

**An overview of the types of expenses incurred and the rationale for the engagement of specialist services.**

### Definition of expenses

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

### Professional advisors and subcontractors

- The table on the next page provides details of professional advisors and subcontractors that we have engaged on this project. The use of subcontractors is in relation to work that we could have done (subject to the exceptions detailed below), but that we have outsourced.
- Our choice of professional advisors and subcontractors was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment.
- We also considered that the basis on which they will charge their fees is appropriate in the circumstances. Other than the legal advice, property/assets management insurance services, the work could have been undertaken by our teams, but we have outsourced it as we consider it to be more cost effective and the providers have relevant specialist experience. We have reviewed the fees they have charged and are satisfied that they are reasonable in the circumstances of this case.
- Details of the expenses incurred in the Period with these third parties (whether paid or not) is set out later in this Appendix. The amounts paid are also detailed in the Receipts and Payments account at Appendix B.
- We have also utilised the services of other teams within FTI Consulting LLP to assist with the Administration process. The fees of our Tax team have been included within the basis of our remuneration. We consider that the rates chargeable for these services are in line with general market practice and that the service is at least comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administrations workstreams has been possible.

## Appendix C: Joint Administrators' Remuneration and Expenses

The remainder of this Appendix provides an update on the expenses of the Administrations and the third parties supporting us with our work.

Firm	Services	Fee Arrangement	Reason Selected
Munroe K	Property Management Services	Monthly fixed fee	Experience and prior knowledge of the Companies
Sovereign Centros	Asset Management Services	Monthly fixed fee	Experience and prior knowledge of the Companies
Stephenson Harewood	Legal Advice	Time cost and expenses	Experience and prior knowledge of the Companies
Aon UK Limited	Insurance Risk Services	Insurance premiums	Experienced provider of insurance services to IPs
Aon UK Limited	Bonding	Fixed premium	Experienced provider of insurance services to IPs
ERA Solutions	Payroll in relation to BTCM directorship	Fixed fee based on number of employees	Experienced provider of employee services to IPs
Savills	Marketing & Sales strategy advice	% of realisations	Experienced property sales agent, strong industry knowledge.
CMS	Legal Advice	Time Cost and expenses	Experience and prior knowledge of the Companies
EPE Reynell	Gazette Notices	Fixed cost per advert	Specialists in dealing with legal advertising
Iceni Projects Limited	Real Estate Consultant	Time Cost and expenses	Experienced real estate consultancy, with strong industry knowledge.
Brasier Freeth Ltd	Chartered Surveyors & Commercial Property Experts	Time Cost and expenses	Experienced Chartered Surveyors with strong industry experience.



## Appendix C: Joint Administrators' Remuneration and Expenses

### Expenses Estimates

- The tables opposite show our expenses incurred to date as well as future estimates for expenses likely to be incurred during the course of the Administrations.
- We do not anticipate incurring any Category 2 expenses and therefore we will not need to seek approval to the basis upon which these may be charged to the estate. If this changes, we will write to creditors at the appropriate time to seek the necessary approval.
- Except for our remuneration and pre-Administration costs where approval has been sought, there is no requirement for us to seek approval to any of these expenses and the estimates provided do not represent a cap on the amount that can be paid.
- We are satisfied that the amounts expected to be incurred are reasonable in the circumstances of the case and are consistent with the monthly running costs incurred by the Companies in the lead up to the Administrations. We are unable to accurately predict the total cost as there are significant uncertainties to the likely length of the Administrations.
- Category 1 expenses that have been paid, have been included in the receipts and payments accounts provided at Appendix B to this report.
- All the trading expenses are within the estimate previously provided with the Proposals with the exception of the professional fees. Professional fees have exceeded the previous estimate not including legal fees incurred in contractual negotiations over tenant leases.
- All of the non-trading expenses are within the previously reported estimates except for bonding.

### Trading Expenses

- Total trading expenses for the full duration of the Administration cannot be reliably estimated as the length of the Administration remains uncertain.

Expense Type	Proposals Estimate	Total incurred this period	Revised Estimate	Comment
Service Charge expenditure	£1,742,400 (£290,400 per month)	£1,156,280.77	N/A	Includes all PPM, including the fees due to the Property Manager
Non-Recoverable Service Charge expenditure	£660,000 (£110,000 per month)	£217,997.51	N/A	Includes capital expenditure beyond the scope of PPM.
Professional Fees	£45,000 per month	£415,092.65	£60,000 per month	Fees relating to planning (including legal and architects fees) and tenant leases.
Employee costs	£5000 per month	£29,571.96	N/A	Includes fees relating to the employment of a director in BTCM

### Non-trading Expenses

Expense Type	Total incurred this period	Future to be incurred	Total Estimate	
			Proposals	Revised
Sales Agents Fees (estimated 1% of Eastgate realisations)	£0	£340,000	£340,000	N/A
Bonding	£0	£0	£180	£225
Gazetting	£0	£74	£442	N/A
Legal fees	£0	£96,306	£132,000	N/A
Re-direction of mail	- £150.60	£0	£1,034.40	N/A
Postage and stationery	£0	£500	£500	N/A
Travel and subsistence expenses	£109	£479	£500	N/A
<b>Total</b>	<b>- £41.60</b>	<b>£437,359</b>	<b>£474,656.40</b>	<b>£225</b>

## Appendix D: An introduction to insolvency

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

### What is an insolvency process?

- There are several types of insolvency process, but all are intended to achieve the same basic objective: to realise assets that the company owns and repay (to the extent possible) what it owes to creditors.
- The type of process depends on the circumstances and the amount distributable to creditors (in accordance with statutory priorities) depends on the value of assets, the costs of the process and level of claims received.

### What is an insolvency practitioner?

- Commonly referred to as an 'IP', an insolvency practitioner is an experienced and qualified individual who is licensed and authorised to act in relation to an insolvent company, partnership or person.
- IPs typically use the staff and resources of their own firm to complete the work, supported by third party professionals and other specialists as required.
- IPs are routinely monitored by their professional body to ensure continued adherence to standards.

### Realising the Assets

- The IP evaluates possible options and pursues the best route for maximising value for creditors. Options could include an immediate sale of the business, a period of ongoing trading (prior to a sale) or a closure/wind-down of operations.
- The costs of realising the assets can vary significantly, so an IP is looking to maximise the net value (after costs). Securing the ongoing employment of the workforce can materially reduce claims against the company.
- Work done on realising the assets has a direct financial benefit for creditors.

### Managing the Company's Affairs

- Until such time as the company is dissolved, it must continue to fulfil many of its usual obligations, such as submitting VAT/tax returns and keeping adequate accounting records.
- Whilst appointed to manage the affairs of the company, the IP is responsible for ensuring these obligations are met. Support from VAT/tax specialists in insolvency situations helps to ensure accuracy and minimise liabilities.
- Other work might include complying with any licensing or regulatory requirements.

### Dealing With Creditors

- It can take several months, often longer, but if and when funds become available, the IP will distribute these to creditors once their claims have been received and agreed.
- As secured creditors usually have priority rights over the assets, the amount left over for other non-preferential unsecured creditors can often be very small.
- IPs keep creditors updated on their work, either through periodic reports or responding to their queries and correspondence.

### Fulfilling our Statutory Duties

- The impact of an insolvency can be wide ranging, so IPs are required to issue notices and periodic reports to notify those affected parties and keep them updated.
- The company's affairs and conduct its directors must also be investigated to see whether any asset recovery (or other actions) need to be taken.
- Whilst this work does not have any direct financial benefit for creditors, the purpose of insolvency law is to protect the interests of creditors.
- Regular internal case reviews ensure the process progresses cost effectively and on a timely basis.

## Appendix E: Legal Notices

We have set out below some important notices regarding this report and the appointment of administrators.

### ■ Opting Out of Correspondence

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

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

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

The opt out will not apply to the following:

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

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

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

### ■ Creditors Right to Request Information

Any secured creditor or unsecured creditor with the support of at least 5% in value of the unsecured creditors, or with the leave of the Court, may, in writing, request the Joint Administrators of the Company to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 IR16.

### ■ About this report

This report has been prepared by the Joint Administrators solely to comply with their statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the administration.

It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

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

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

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

### ■ Creditors' Right to Challenge Remuneration and/or Expenses

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors, or with the leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 18.36 or 18.37 IR16), challenging the amount or the basis of the remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such application must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 IR16.

### ■ Data Protection

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

## Appendix F: Notice of Decisions

### Notice of Decisions by Correspondence

#### InfraRed UK Lion Limited Partnership (“the Partnership”) (In Administration)

In the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies  
List (ChD), Number 002168 of 2021

(Partnership Number: LP015850)

Notice is given by Andrew James Johnson, Ali Abbas Khaki and Matthew Boyd Callaghan (who were appointed Joint Administrators of InfraRed UK Lion Limited Partnership on 22 November 2021) that set out below are the decisions for your consideration. Please complete and return the Voting Form below, indicating whether you are in favour or against the following decisions:

1. That the Joint Administrators’ revised fees estimate be approved at £1,200,000.

Further information in relation to our revised fees estimate is set out in the Joint Administrators’ progress report dated 20 December 2022 a copy of which can be found at <https://www.fticonsulting.com/emea/cip/infrared-uk-lion>

2. That a creditors’ committee should NOT be formed.

**The final date for votes is 23:59 hours on 25 January 2023 (“the Decision Date”).**

1. In order for their votes to be counted, creditors must submit to me their completed voting form so that it is received at FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, EC1A 4HD or by email at [IRUKLion@fticonsulting.com](mailto:IRUKLion@fticonsulting.com) by no later than **23:59 hours on 25 January 2023**. It must be accompanied by proof of their debt (if not already lodged). Failure to do so will lead to their vote(s) being disregarded.
2. Creditors must lodge proof of their debt (if not already lodged) at the offices of FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, EC1A 4HD or by email at [IRUKLion@fticonsulting.com](mailto:IRUKLion@fticonsulting.com) by no later than **23:59 hours on 25 January 2023**, without which their vote will be invalid.
3. Creditors with claims of £1,000 or less must have lodged proof of their debt for their vote to be valid.
4. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the decisions provided they have lodged proof of their debt.
5. Creditors may, within five business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decisions above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where “creditors” means “all creditors.”
6. Creditors have the right to appeal a decision of the convener made under Chapter 8 of Part 15 of The Insolvency (England and Wales) Rules 2016 about Creditors’ Voting Rights and Majorities, by applying to Court under Rule 15.35 of The Insolvency (England and Wales) Rules 2016 within 21 days of the Decision Date.

Creditors requiring further information regarding the above, should please contact us by email at [IRUKLion@fticonsulting.com](mailto:IRUKLion@fticonsulting.com), or by phone on 020 7269 9391.

DATED THIS 20TH DAY OF DECEMBER 2022

Your sincerely  
for and on behalf of the Partnership



Ali Abbas Khaki  
**JOINT ADMINISTRATOR**

*Andrew James Johnson, Ali Abbas Khaki and Matthew Boyd Callaghan were appointed as joint administrators (the "Joint Administrators") of InfraRed UK Lion Nominee 1 Limited, InfraRed UK Lion Nominee 2 Limited and InfraRed UK Lion Limited Partnership on 22 November 2021 and InfraRed UK Lion GP Limited on 23 November 2021. The affairs, business and property of the companies are being managed by the Joint Administrators. The Joint Administrators act as agents of the companies and without personal liability.*

*The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under section 390A(2)(a) of the Insolvency Act 1986. 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>.*

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

**InfraRed UK Lion Limited Partnership (“the Partnership”)  
(In Administration)**

**In the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies  
List (ChD), Number 002168 of 2021**

**(Partnership Number: LP015850)**

**Voting on Decisions**

*\*Delete as applicable*

1. That the Joint Administrators’ revised fees estimate be approved at £1,200,000. **\*For / Against**
2. That a creditors’ committee should NOT be formed. **\*For / Against**

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of creditor: \_\_\_\_\_

Signature of creditor: \_\_\_\_\_

(Complete the following if signing on behalf of creditor, e.g. director/solicitor)

Capacity in which  
signing document: \_\_\_\_\_

Date: \_\_\_\_\_

The completed form should be delivered to us by email at [IRUKLion@fticonsulting.com](mailto:IRUKLion@fticonsulting.com), or by post to IRUK LP, c/o FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD so that it is received by no later than 23:59 hours on 25 January 2023, the Decision Date.

## Appendix G: Proof of Debt Form

### Rule 14.4 The Insolvency (England and Wales) Rules 2016

#### Proof of Debt – General Form

IN THE

HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS OF ENGLAND  
AND WALES INSOLVENCY AND COMPANIES LIST

Company Name	Company Number	Court Reference Number (of 2021)	Appointment Date
InfraRed UK Lion Limited Partnership	LP015850	CR-2021-002168	22 November 2021

1 Name of creditor

(If a company, please also provide the company registration number).

2 Correspondence address of creditor (including any email address)

3 Total amount of claim (£)  
(include any Value Added Tax)

5 Details of how and when the debt was incurred.  
(If you need more space, attach a continuation sheet to this form)

6 Details of any security held, the value of the security and the date it was given.

7 Details of any reservation of title claimed in respect of goods supplied to which the debt relates.

8 Details of any document by reference to which the debt can be substantiated

9 Signature of creditor  
(or person authorised to act on the creditor's behalf)

10 Address of person signing if different from 2 above

11 Name in BLOCK LETTERS:

12 Position with, or relation to, creditor

13 Date of signature

14 Bank account details, including Sort Code and Account Number if UK account

Notes:

1. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company.

**Please submit this form along with supporting documentation by email to [IRUKLion@fticonsulting.com](mailto:IRUKLion@fticonsulting.com)**

**or by post at:**

**InfraRed UK Lion (in Administration)  
c/o FTI Consulting LLP  
200 Aldersgate  
Aldersgate Street  
London EC1A 4HD**

*Andrew James Johnson, Ali Abbas Khaki and Matthew Boyd Callaghan were appointed as Joint Administrators (the "Joint Administrators") of InfraRed UK Lion Nominee 1 Limited, InfraRed UK Lion Nominee 2 Limited and InfraRed UK Lion Limited Partnership on 22 November 2021 and InfraRed UK Lion GP Limited on 23 November 2021. The affairs, business and property of the companies are being managed by the Joint Administrators. The Joint Administrators act as agents of the companies and without personal liability.*

*The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under section 390A(2)(a) of the Insolvency Act 1986. 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>.*

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