



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 2023 to 21 November 2023 |
| InfraRed UK Lion Nominee 1 Limited   | 08818236       | 22 November 2021 | 22 May 2023 to 21 November 2023 |
| Infrared UK Lion Nominee 2 Limited   | 08818235       | 22 November 2021 | 22 May 2023 to 21 November 2023 |
| InfraRed UK Lion GP Limited          | 08818231       | 23 November 2021 | 23 May 2023 to 22 November 2023 |

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# 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>IR16 / the Rules</b>       | Insolvency (England and Wales) Rules 2016 (as amended)  |
| <b>PAYE / NIC</b>             | Pay-as-you-earn tax / National Insurance Contributions  |
| <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>Prescribed Part</b>        | Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86   |
| <b>S/c</b>                    | Share Capital   |
| <b>Schedule / Sch B1</b>      | Schedule B1 IA86  |
| <b>SPA / APA / ASA</b>        | Sale & Purchase Agreement, Asset Purchase Agreement, Asset Sale Agreement   |
| <b>TUPE</b>                   | Transfer of Undertakings (Protection of Employment) Regulations 2006  |
| <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. |
| <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>Court / the Court</b>  | The High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies Court  |
| <b>Eastgate / the Centre</b>  | Eastgate Shopping Centre, Basildon  |
| <b>The Period</b>   | 22 May 2023 to 21 November 2023<br>23 May 2023 to 22 November 2023 for IRUK GP  |
| <b>The Proposals</b>  | The Joint Administrators' Statement of Proposals dated 13 Jan 22  |
| <b>The Purchaser(s)</b>   | Eastgate was sold in two parts to two separate purchasers. In this report we refer to the Purchaser or Purchasers as appropriate for the context.           |
| <b>Secured Creditor / Lender</b>  | Creditors with security in respect of their debt in accordance with Section 148 IA86. In this case, the Secured Creditor is Bayerische Landesbank.          |
| <b>PPM</b>  | Planned Preventative Maintenance  |
| <b>The Proposals</b>  | The Joint Administrators' Statement of Proposals including its appendices, dated 13 January 2022.   |
| <b>Property Managers / MK</b>   | Munroe K  |
| <b>SC / Asset Managers</b>  | Sovereign Centros   |
| <b>Section 198 election to transfer the Capital Allowances / s198 Capital Allowances Position</b> | Election to agree the part of the sale price that is expenditure incurred by the Purchaser[s] on the provision of fixtures for capital allowances purposes. |
| <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  |



# Purpose of this report

## Purpose of this report

- Andrew Johnson, Ali Khaki and Matthew Callaghan were appointed as joint administrators of IRUK GP on 23 November 2021, and 22 November 2021 in respect of IRUK LP, IRUK N1 and IRUK N2.
- 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 six-month period since our previous progress report.
- This report covers the period from 22 May 2023 to 21 November 2023 in respect of IRUK LP, IRUK N1 and IRUK N2, and 23 May 2023 to 22 November 2023 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 joint administrators.
- Background information on the Companies and events leading up to the Administrations can be found in our Proposals and previous progress reports, 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 can confirm that during the Period, the Court ordered that the Administrations be extended for a period of two years to 21 November 2025.
- 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



# Progress of the Administrations



## Recap on the Administrations

**In the first year of the Administrations, Eastgate continued to trade whilst a strategy for its sale could be developed. During the subsequent period ending in May 2023, a sale of the Eastgate centre was completed.**

### 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.
- In addition to the above, we have set out in our previous six-monthly progress reports both the work undertaken and the asset realisations achieved in the Administrations. Therefore, creditors may also wish to read this report in conjunction with our previous six-monthly progress reports.

### Strategy to Achieve the Purpose of the Administrations

- At the onset 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 Previous Periods

- In our previous progress reports, we explained the progress of the Administrations during the first 18 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. Events specifically relating to realising the Companies' assets during prior periods are summarised below:
  - Up to 7 March 2023, we continued to trade the Eastgate shopping centre, working closely with both the Property Managers (Munroe K) and Asset Managers (Sovereign Centros);
  - A sale of the Eastgate centre completed for £19.25m on 7 March 2023;
  - As the Secured Creditor had the primary interest in the Administrations, we had provided it with regular updates on trading, funding and progress of the sale process; and following the sale we made a distribution of £18.8m to the Secured Creditor from the proceeds that were subject to fixed charge security.
  - An insurance refund was pursued following the sale, which resulted in a refund of £245k (received in June 2023);
  - Colin Flinn (who had acted for the Companies as a representative on the board of BTCM) resigned during the prior period, following the completion of the sale of Eastgate.

#### ~100 lettable units

Located at the Eastgate Centre

The Eastgate Centre consisted of over 100 lettable units. However, given market conditions, a number of these remained unoccupied.

#### ~10%

Rise in population expected by 2049

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

#### Savills

Successful sale of Eastgate Shopping Centre

We confirmed in our previous report, the sale of Eastgate on 6 March 2023 for £19.25m.

## Work Undertaken and Further Asset Realisations

**During the Period, several contractual post-sale obligations have been completed. Given the delays at Land Registry, it has been necessary to extend the Administrations.**

### Post-Sale Matters

- During the Period, we have continued to assist MK (Eastgate's Property Managers who were also engaged by the Purchasers post-transaction) with rent reconciliations. These reconciliations were required as pre-transaction rent arrears were due to the Companies and all post-transaction rent arrears was due to the Purchaser.
- In addition to the rental income reconciliations, we have undertaken a service charge reconciliation (again alongside MK) as this was required under the terms of the SPA.
- The reconciliation was calculated by reviewing the total service charge receipts and expenditure, with the amounts then pro-rated to reflect the period in which Eastgate was the responsibility of the Purchasers and the period it was the responsibility of the seller.
- The outcome of the reconciliation was a full and final payment from the seller into the Eastgate service charge account of £82,327.26, per the terms of the SPA. This was anticipated expenditure, and the Secured Creditor was aware of the funding requirement (with the balance being paid from secured funds).
- We have also been working to agree a Section 198 election to transfer the Capital Allowances to the Purchaser of the Asda part of the Eastgate centre. This workstream remains ongoing and we hope to be in a position to finalise this matter shortly.

### Further Asset Realisations

- Under the terms of the APA, we have recently had the pre-appointment rent and service charge arrears assigned back to IRUK LP. The Purchaser had the ability to acquire these arrears but chose not to do so. We have been in discussions with agents for the collection of historic rent and service charge debts, with their fees on a commission basis relative to how much is collected. An update on progress will be provided in our next report.
- In addition to the insurance refund of £245k mentioned earlier, other recoveries and realisations in the Period include rental income collected during the Period (but relating to the pre-transaction period) and bank interest on cash balances.

### Land Registry

- Following the sale, an application was submitted to the Land Registry to transfer the title in the leaseholds to the Purchasers. Due to delays at the Land Registry, it is anticipated that completion of this transfer could take up to two years, which is the principal reason why extensions to the period of the Administrations (until November 2025) have been necessary).
- The Purchasers are liaising with the Land Registry and informed us that the transfer registration matter has been expedited. We also understand that various applications relating to Eastgate are being dealt with (likely lease renewals) ahead of the registration of the Eastgate freehold sales.
- In addition to the above, due to the complexity of the registration, the application has now been escalated to a more senior member of the Land Registry team.

### Administration' Extension

- During the Period, we have worked alongside our solicitors and counsel to make an application to the High Court to extend the Administrations for a two-year period.
- As part of this process, we were required to produce a witness statement setting out both the background of the Administrations and reasons for the extension.
- The application to Court was made on 7 September 2023, with the Court hearing taking place on 20 October 2023. It was agreed with the Purchaser that due to the reasons for the extension (i.e. the delays at the Land Registry), it would be for the Purchaser to meet the costs of the application. Accordingly, funding of £30,000 plus VAT has been provided by the Purchaser to meet legal, office-holder and counsel fees.
- Due to the extension of the Administrations, we are seeking to agree an extension to the funding agreement with the Secured Creditor, to ensure there are sufficient monies to meet the costs and expenses of the extended Administrations.

## 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 continued to liaise closely with the Companies' Secured Creditor. This included obtaining written consent prior to any funds and/or professional fees being drawn from the accounts, as per the Funding Agreement.
- Further to the distribution made to the Secured Creditor shortly after the sale, further distributions of £1.25m and £1.0m were made in May 2023 and October 2023 respectively.
- The total return to the Secured Creditor so far is c£21.05m. We are anticipating that one further and final distribution will be paid shortly prior to the conclusion of the Administrations.

### 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 queries from a number of 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 part of the application to Court to extend the Administrations, we also applied for permission to pay a distribution to the unsecured creditors of IRUK LP.
- At the outset of the Administrations, we ring-fenced funds of £50,000 from the uncharged service charge account for distribution to the unsecured creditors of IRUK LP. We anticipate the distribution being made during the next six months.
- Please note that given the significant shortfall to the Secured Creditor, it is likely to be the largest unsecured creditor and the rate of dividend is therefore anticipated to be a very small.

### 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 Redundancy Payments Service becomes a preferential creditor in place of the employees once it has paid their statutory entitlements.
- Since December 20, HMRC is also a preferential creditor for certain specified debts but ranks behind the preferential debts described above.

## Fulfilling our Statutory Duties

**Our work includes the fulfilment of statutory obligations arising as a consequence of our appointment and the Companies’ being in an insolvency procedure.**

### Extension to the period of the Administrations

- As detailed earlier in this report, due to the Land Registry delays, an application to Court to extend the Administrations for a two-year period was made, with the Court approving the extension in October 2023. The new date of expiry of the Administrations is now 21 November 2025. Notices of the extensions were filed with Companies House and delivered to creditors.

### Exit route from Administrations

- In our Proposals, we outlined the manner in which we anticipated the Administrations would be concluded, once their purpose had been achieved and our work had been completed. In all cases, we currently expect that notices will be filed with the Court (for IRUK LP) and Companies House (for all other companies), to bring the Administrations to an end and automatically move the Companies to subsequent dissolution.
- The timing of ending the Administrations is contingent on the Land Registry title transfers being processed. The expected date of which is currently unknown.

### 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 previously reported that such determination had been given and that discharge would take effect from the date that our appointment as joint administrators ceases to have effect.

### Statutory Investigations

- Further information in relation to our statutory investigations can be found in previous progress reports.
- As required by Section 7A CDDA, we have submitted information regarding the conduct of the Companies’ directors to BEIS. The content of the findings is confidential however, it was concluded that there were no recovery actions that could be pursued.

### Other statutory matters

- Our other work in the Period includes managing the Administration bank accounts, ensuring books and records are maintained, completing corporation tax and VAT returns, and completing periodic case reviews. Further details are included in Appendix C.

### 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) | 1,200,000 |
| IRUK GP | Set amount                 | 40,000    |
| IRUK N1 | Set amount                 | 5,000     |
| IRUK N2 | Set amount                 | 5,000     |

- An update on our remuneration and expenses is included at Appendix C, including the current position on our time costs (in IRUK LP).

### 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 2024 (and 22 May 2024 for IRUK GP), or when the Administrations come to an end, whichever is sooner.
- All documents will be retained on our 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.



# 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>Assets</p>   | <p>Tax / VAT</p>  | <p>Distributions</p>   | <p>Winding-down</p>  |
|---------------|---|---|--|--|
| Work Required | <ul style="list-style-type: none"> <li>■ We have recently, under the terms of the SPA, had the pre-transaction rent and service charge arrears reassigned to IRUK LP.</li> <li>■ We have been in discussions with agents who will look to realise the Groups historic rent and service charge debts, subject to a commission fee based on any recoveries made.</li> </ul> | <ul style="list-style-type: none"> <li>■ We are working to resolve the s198 Capital Allowances position with one of the Eastgate Purchasers.</li> <li>■ CT returns will be completed for outstanding periods including an IRUK LP return for the period ending 5 April 2023.</li> <li>■ Now trading has ceased, we will shortly look to de-register the entities for VAT purposes.</li> </ul> | <ul style="list-style-type: none"> <li>■ Issuing a notice of the 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.</li> <li>■ Declaring and paying the dividend.</li> <li>■ Payment of a final distribution to the Secured Creditor once all remaining Administration matters have been concluded.</li> </ul> | <ul style="list-style-type: none"> <li>■ Progress other matters required to wind-down the Companies' affairs prior to them being dissolve; including (but not limited to) the completion of a final report to the Companies' creditors.</li> </ul> |
| Timing        | <ul style="list-style-type: none"> <li>■ Once other remaining Administration issues have been completed, we will take a view on the ability to (and benefit of) collecting remaining debts and whether these outweigh the costs of keeping the Administrations open.</li> </ul>   | <ul style="list-style-type: none"> <li>■ CT and VAT returns will continue to be filed until they are no longer required.</li> <li>■ In terms of the s198 Capital Allowances Position, we hope to bring this matter to a conclusion shortly.</li> </ul>  | <ul style="list-style-type: none"> <li>■ Following Court approval to the unsecured distribution, the distribution process will start in January 2024 with matters concluded by March 2024.</li> <li>■ A final distribution to the Secured Creditor is expected to be made shortly prior to the Administrations' conclusion.</li> </ul>   | <ul style="list-style-type: none"> <li>■ Timing is contingent on the Land Registry filings but estimated to be no sooner than Q2 2024.</li> </ul>  |



# Estimated Outcomes for Creditors

## Secured and Preferential Creditors

**The Secured Creditor has the principal financial interest in the Administrations. A small dividend will be 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.
- To date, we have made the following distributions to the Secured Creditor:
  - Proceeds from the sale of Eastgate totalling £18.8m;
  - £1.25m consisting of pre-sale rental receipts; and
  - a third cash distribution of £1m.
- We expect one further distribution to the Secured Creditor shortly prior to the completion of the Administrations and following any further asset realisations.
- Assets in the Administrations that were not subject to fixed charge security principally consist of c.£925k of cash held by IRUK LP (at the time of our appointment) 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 fully recover its lending 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 the actual sales value, the distribution to unsecured creditors (other than BLB) is likely to be significantly less than the £50k set aside.

### Preferential Creditors

- 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, for 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 03. 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 any security entitlements.
- We expect to distribute the dividend in the next period and permission from the Court has been obtained for us to make the distribution in the Administration.
- We expect the rate of dividend to the unsecured creditors to be minimal based on:
  - the lower than anticipated sales proceeds; and
  - the consequential material shortfall to the Secured Creditor.

### 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 2023, claims totalling £52,465 have been received.
- Consequently, we believe there may be further claims still to be received, including from utility suppliers providing electricity to Eastgate; and all creditors are again invited to submit a claim, if they have not done so already. Please contact us using the 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.



# Appendices

## Appendix A: Statutory Information

### Company Names: **Infrared UK Lion GP Limited, Infrared UK Lion Limited Partnership, Infrared UK Lion Nominee 1 Limited, 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 GP Limited<br>Infrared UK Lion Limited Partnership<br>Infrared UK Lion Nominee 1 Limited<br>Infrared UK Lion Nominee 2 Limited | <b>Administrators' Recognised Professional Body</b> | The Institute of Chartered Accountants in England and Wales  |
| <b>Registered Number</b>        | 08818231 for IRUK GP<br>LP015850 for IRUK LP<br>08818236 for IRUK N1<br>08818235 for IRUK N2  | <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 (IRUK GP, IRUK N1, IRUK N2)<br>18 November 2013 (IRUK LP)  | <b>Appointment Date</b>                             | 23 November 2021 (IRUK GP)<br>22 November 2021 (IRUK LP, IRUK N1, IRUK N2)   |
| <b>Registered Office</b>        | 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 References</b>         | CR-2021-002153 for IRUK GP<br>CR-2021-002168 for IRUK LP<br>CR-2021-002150 for IRUK N1<br>CR-2021-002152 for IRUK N2                            | <b>Changes in Administrator</b>                     | n/a  |
| <b>Administrators' Names</b>    | Andrew James Johnson<br>Ali Abbas Khaki<br>Matthew Boyd Callaghan   | <b>Current Administration End Date</b>              | 21 November 2025   |

## Appendix B: Receipts and Payments Account

### IRUK LP fixed charge receipts and payments for the period from 22 May 2023 to 21 November 2023.

| £                            |  | Statement<br>of Affairs | 22 Nov 21<br>to 21 May 2023 | 22 May 2023<br>to 21 Nov 2023 | Total     |                       |
|------------------------------|--|-------------------------|-----------------------------|-------------------------------|-----------|-----------------------|
| <b>Fixed Charge Receipts</b> |  |                         |                             |                               |           |                       |
|                              | Freehold Land & Property                 | 1                       | 34,200,000                  | 20,350,000.00                 | -         | 20,350,000.00         |
|                              | Bank Interest                            |                         |                             | 10,631.56                     | 11,941.43 | 22,572.99             |
|                              | Cash at Bank (Fixed Charge)              |                         | 1,645,269.48                |                               | -         | 1,645,269.48          |
|                              | Rental Income                            | 2                       | 4,250,122.69                | 358,439.96                    |           | 4,608,562.65          |
|                              | Car Park Income                          | 3                       | 335,485.26                  | (3,310.29)                    |           | 332,174.97            |
|                              | Unallocated Cash                         | 4                       | 166,984.32                  | (126,270.93)                  |           | 40,713.39             |
|                              | Pre-Admin Rental Income                  |                         | 1,300,926.25                |                               | -         | 1,300,926.25          |
|                              | <b>Subtotal</b>                          |                         | <b>28,059,419.56</b>        | <b>240,800.17</b>             |           | <b>28,300,219.73</b>  |
| <b>Fixed Charge Payments</b> |  |                         |                             |                               |           |                       |
|                              | Office Holders Fees (Fixed Charge)       |                         | 614,119.18                  |                               | -         | 614,119.18            |
|                              | Office Holders Expenses                  |                         | 71.72                       |                               | -         | 71.72                 |
|                              | Office Holders Disps                     |                         | 225.00                      |                               | -         | 225.00                |
|                              | Professional & Legal Fees (Fixed Charge) | 5                       | 712,984.31                  | 18,927.07                     |           | 731,911.38            |
|                              | Insurance                                | 6                       | 614,609.98                  |                               | -         | 614,609.98            |
|                              | VAT - Unrecoverable                      |                         | 7,702.74                    |                               | -         | 7,702.74              |
|                              | Bank Charges (Fixed Charge)              |                         | 14.90                       |                               | -         | 14.90                 |
|                              | Professional & Legal Fees (Planning)     |                         | 427,784.88                  |                               | -         | 427,784.88            |
|                              | Secured Creditor Uncharged Funding       |                         | 424,345.89                  |                               | -         | 424,345.89            |
|                              | Sales Fees                               |                         | 372,042.90                  |                               | -         | 372,042.90            |
|                              | Agents/subcontractor Fees                |                         | 117.50                      |                               | -         | 117.50                |
|                              | Secured Creditor Trading Fund            | 7                       | 2,223,574.81                | 94,383.28                     |           | 2,317,958.09          |
|                              | Car Park Expenses                        |                         | 435,563.11                  |                               | -         | 435,563.11            |
|                              | Pre-admin legal fees                     |                         | 32,830.14                   |                               | -         | 32,830.14             |
|                              | <b>Subtotal</b>                          |                         | <b>(5,865,987.06)</b>       | <b>(113,310.35)</b>           |           | <b>(5,979,297.41)</b> |
|                              | <b>Fixed Charge Surplus/Deficit</b>      |                         | <b>22,193,432.50</b>        | <b>127,489.82</b>             |           | <b>22,320,922.32</b>  |

#### Notes

- Freehold Land & Property** – Total receipts received from the sale of a single Eastgate unit to a third party as well as the wider sale of the Eastgate centre.
- Rental Income** – Rental receipts from tenants for applications for payment raised after our appointment.
- Car Park Income** – Car park receipts from Eastgate.
- Unallocated Cash** – A reconciliation has now been completed and final transactions are taking place / to take place shortly following the end of the Period.
- Professional & Legal Fees (Fixed Charge)** – 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 (for the reasons set out overleaf an insurance refund is shown as an uncharged receipt).
- Secured Creditor Trading Funding** - The funding required to cover the Landlord's proportion of service charge costs.

## Appendix B: Receipts and Payments Account

### IRUK LP uncharged receipts and payments for the period from 22 May 2023 to 21 Nov 2023, and statement of funds held.

| £                                | Statement of Affairs | 22 Nov 21 to 21 May 2023 | 22 May 2023 to 21 Nov 2023 | Total                |
|----------------------------------|----------------------|--------------------------|----------------------------|----------------------|
| <b>Uncharged Receipts</b>        |                      |                          |                            |                      |
| Funding Arrangement (from fixed) |                      | 424,345.89               | -                          | 424,345.89           |
| Book Debts                       | 1                    | 504.00                   | 4,392.12                   | 4,896.12             |
| Cash at Bank                     | 2,306                | 928,067.68               | -                          | 928,067.68           |
| Insurance Refund                 | 2                    | 72,129.80                | 245,014.68                 | 317,144.48           |
| Other Sundry Debtors             | 567,609              | -                        | -                          | -                    |
| Trading surplus / (deficit)      | 3                    | (759,207.07)             | (435,907.68)               | (1,195,114.75)       |
| Pre-Admin VAT refund             | 4                    | -                        | 38,968.59                  | 38,968.59            |
| Bank Interest                    | 5                    | -                        | 9,029.19                   | 9,029.19             |
| Third Party Funds                | 6                    | -                        | 30,000.00                  | 30,000.00            |
| <b>Subtotal</b>                  |                      | <b>665,840.30</b>        | <b>(108,503.10)</b>        | <b>557,337.20</b>    |
| <b>Uncharged Payments</b>        |                      |                          |                            |                      |
| Funding Arrangement Fee          |                      | 50,000.00                | -                          | 50,000.00            |
| Office Holders Fees              |                      | 409,412.79               | -                          | 409,412.79           |
| Re-Direction of Mail             |                      | 1,034.40                 | -                          | 1,034.40             |
| Statutory Advertising            |                      | 368.00                   | -                          | 368.00               |
| Property expenses                |                      | -                        | 314.62                     | 314.62               |
| Rates Refund                     | 7                    | -                        | 9,322.06                   | 9,322.06             |
| Legal Fees                       |                      | 14,277.74                | -                          | 14,277.74            |
| Pre-admin legal fees             |                      | 21,886.76                | -                          | 21,886.76            |
| <b>Subtotal</b>                  |                      | <b>(496,979.69)</b>      | <b>(9,636.68)</b>          | <b>(506,616.37)</b>  |
| <b>Uncharged Surplus/Deficit</b> |                      | <b>168,860.61</b>        | <b>(118,139.78)</b>        | <b>50,720.83</b>     |
| <b>Net realisations</b>          |                      | <b>22,362,293.11</b>     |                            | <b>22,371,643.15</b> |
| <b>Distributions</b>             |                      |                          |                            |                      |
| Fixed Charge Distribution        |                      |                          |                            | (21,043,801.17)      |
| <b>Net receipts and payments</b> |                      |                          |                            | <b>1,327,841.98</b>  |
| <b>Represented By</b>            |                      |                          |                            |                      |
| Cash at Bank                     |                      | 3,068,519.61             | (1,924,531.69)             | 1,143,987.92         |
| Net VAT Position                 |                      | 499,972.33               | (316,118.27)               | 183,854.06           |
| <b>Net receipts and payments</b> |                      | <b>3,568,491.94</b>      |                            | <b>1,327,841.98</b>  |

### Notes

- Book Debts** - The recovery of a historic overpayment of supplier invoices.
- Insurance Refund** – Refund in the Period in respect of insurance paid for the Eastgate centre for the post-administration period prior to the sale of the centre to the Purchasers. This has been allocated uncharged receipts because it is considered to be a component of the tenants' service charge account. However, please note the initial insurance payment was made from the fixed charge account with consent from the fixed charge holder.
- Trading Account** – See the trading statement and further comments on the following page.
- Pre-Admin VAT refund** – A VAT refund was due in respect of the period immediately prior to the Administration, which was received during the Period.
- Bank Interest** - Interest received during the period in relation to the uncharged assets bank account.
- Third Party Funds** – Amounts received from the Purchaser to meet the costs of applying to extend the Administrations for the additional two-year period.
- Rates Refund** – A small business rates refund in relation to Eastgate was received during the period relating to a historic business rates overpayment.

## Appendix B: Receipts and Payments Account

IRUK LP trading account for the period from 22 May 2023 to 21 November 2023, to be read in conjunction with the fixed charge rental income to understand the trading position of the Centre during the Administration.

| £  | 22 Nov 21<br>to 21 May 2023 | 22 May 2023<br>to 21 Nov 2023 | Total                 |
|--|-----------------------------|-------------------------------|-----------------------|
| <b>Trading Receipts</b>                      |                             |                               |                       |
| Service Charge Income                        | 1,631,059.83                | 96,271.77                     | 1,727,331.60          |
| Other Income                                 | 74,916.38                   | 3,183.80                      | 78,100.18             |
| Secured Creditor Service Charge Contribution | 2,223,574.81                | 94,383.28                     | 2,317,958.09          |
| <b>Total Receipts</b>                        | <b>3,929,551.02</b>         | <b>193,838.85</b>             | <b>4,123,389.87</b>   |
| <b>Trading Payments</b>                      |                             |                               |                       |
| Bad Debts Written Off                        | 98,072.96                   | -                             | 98,072.96             |
| Bank Charges                                 | 1 (2,595.01)                | -                             | (2,595.01)            |
| Direct Labour                                | 47,251.96                   | -                             | 47,251.96             |
| Direct Property Management Expense           | 187,951.80                  | (794.56)                      | 187,157.24            |
| Health and Safety                            | 124,337.75                  | -                             | 124,337.75            |
| Indirect Labour                              | 2 375,402.90                | (275.76)                      | 375,127.14            |
| Insurance Expense                            | 4,779.50                    | -                             | 4,779.50              |
| Marketing & Advertising Expense              | 183,069.39                  | -                             | 183,069.39            |
| Miscellaneous Expenditure                    | 3 85,886.68                 | 56,235.10                     | 142,121.78            |
| Payroll Taxes                                | 40,325.31                   | -                             | 40,325.31             |
| Professional Fees                            | 306,048.75                  | -                             | 306,048.75            |
| Ransom Creditors                             | 113,163.75                  | -                             | 113,163.75            |
| Repairs & Maintenance                        | 4 1,547,468.61              | (5,839.69)                    | 1,541,628.92          |
| Security Expense                             | 592,001.56                  | -                             | 592,001.56            |
| Service Charge Contribution                  | 5 (51,470.03)               | 574,201.64                    | 522,731.61            |
| Utilities                                    | 6 809,172.07                | (400.09)                      | 808,771.98            |
| Service Charge Transfer                      | 234,510.03                  | -                             | 234,510.03            |
| <b>Total Payments</b>                        | <b>(4,695,377.98)</b>       | <b>(623,126.64)</b>           | <b>(5,318,504.62)</b> |
| <b>Trading Surplus/(Deficit)</b>             | <b>(765,826.96)</b>         | <b>(429,287.79)</b>           | <b>(1,195,114.75)</b> |

### Notes

- All of the Companies' trading was done through IRUK LP and therefore no trading accounts have been produced for IRUK N1, IRUK N2 or IRUK GP. All rental income is subject to fixed charge security.

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:

- Bank Charges** – Bank charges and interest expense are combined. There was an interest income balance this period.
- Indirect Labour** – Centre staff who are employed by MK.
- Miscellaneous Expenditure** – Costs that are not easily allocated to a specific line item.
- Repairs & Maintenance** – Ongoing repairs and maintenance to Eastgate. Typically, this is work conducted as a consequence of general wear and tear to the building.
- Service Charge Contribution** – Funding required to meet the proportion of the Landlord costs due in respect of the Service Charge.
- 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.

| £                                   | Statement<br>of Affairs | 23 Nov 21<br>to 22 May 23 | 23 May 23<br>to 22 Nov 23 | Total          |
|-------------------------------------|-------------------------|---------------------------|---------------------------|----------------|
| <b>Fixed Charge Receipts</b>        |                         |                           |                           |                |
| Cash at Bank                        | 304                     | 273.85                    | -                         | 273.85         |
| Fixed Charge Bank Interest          |                         | 0.69                      | 1.00                      | 1.69           |
| <b>Subtotal</b>                     |                         | <b>274.54</b>             | <b>1.00</b>               | <b>275.54</b>  |
| <b>Fixed Charge Payments</b>        |                         |                           |                           |                |
| Fixed Charge Bank Charges           |                         | 12.57                     | -                         | 12.57          |
| <b>Subtotal</b>                     |                         | <b>(12.57)</b>            | <b>-</b>                  | <b>(12.57)</b> |
| <b>Fixed Charge Surplus/Deficit</b> |                         | <b>261.97</b>             | <b>1.00</b>               | <b>262.97</b>  |
| <b>Net realisations</b>             |                         | <b>261.97</b>             | <b>1.00</b>               | <b>262.97</b>  |
| <b>Represented By</b>               |                         |                           |                           |                |
| Cash at Bank                        |                         | 261.97                    | 1.00                      | 262.97         |
| <b>Subtotal</b>                     |                         | <b>261.97</b>             | <b>1.00</b>               | <b>262.97</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 (£)           | Statement of Affairs | 22 Nov 21<br>to 21 May 23 | 22 May 23<br>to 21 Nov 2023 | Total |
|-----------------------|----------------------|---------------------------|-----------------------------|-------|
| <b>Distributions</b>  |                      |                           |                             |       |
| Ordinary Shareholders | 1                    | -                         | -                           | -     |
| <b>Subtotal</b>       |                      |                           |                             |       |
| <b>Represented By</b> |                      |                           |                             |       |
| Cash at Bank          |                      | -                         | -                           | -     |
| <b>Subtotal</b>       |                      |                           |                             |       |

| IRUK N2 (£)           | Statement of Affairs | 22 Nov 21<br>to 21 May 23 | 22 May 23<br>to 21 Nov 2023 | Total |
|-----------------------|----------------------|---------------------------|-----------------------------|-------|
| <b>Distributions</b>  |                      |                           |                             |       |
| Ordinary Shareholders | 1                    | -                         | -                           | -     |
| <b>Subtotal</b>       |                      |                           |                             |       |
| <b>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 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; and
  - a reminder of our time charge policy and hourly rates that apply to the work performed.
- 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. In relation to each of these entities we have agreed the following fixed fees:
  - IRUK GP - £40,000
  - IRUK N1 - £5,000
  - IRUK N2 - £5,000
- In relation to each of the above amounts that we have yet to draw, it is intended that these amounts will be drawn from fixed charge realisations in IRUK LP conditional on the approval of the Secured Creditor.
- 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.
- During the Period, for IRUK LP we spent 282.3 hours, incurring a cost of £110,835.90. The total work in progress for the Administration to 21 November 2023 is £1,291,073. which consists 3,070 hours at an average cost of £421 per hour.

### 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.£1.371m, representing 3,255 hours at an average rate of £421 per hour.
- We previously confirmed that in January 2023, the creditors of IRUK LP gave approval for us to draw remuneration in excess of the initial fees estimate and up to £1.2m plus VAT. The amounts drawn to date are set out in the earlier receipts and payments accounts.
- As set out on the following page, our time costs to date have exceeded the currently approved fees estimate and we anticipate incurring further time costs of c.£80k.
- At this stage, we are not seeking (or expecting to seek) approval from IRUK LP's creditors to draw any remuneration in excess of what has been approved, however, this will be kept under review as the Administration continues to progress.

## Appendix C: Joint Administrators' Remuneration and Expenses

Our revised fees estimate in relation to IRUK LP is £1.39m and represents the anticipated total time costs. We are not currently seeking to draw remuneration in excess of the £1.2m previously approved by creditors.

|   | Incurred to date |                |                     | To be incurred |              |                  | Total Revised Estimate |                |                     | Approved Fees Estimate |                |                     |
|---|------------------|----------------|---------------------|----------------|--------------|------------------|------------------------|----------------|---------------------|------------------------|----------------|---------------------|
|   | Avg £/Hr         | Hr             | £                   | Avg £/Hr       | Hr           | £                | Avg £/Hr               | Hr             | £                   | Avg £/Hr               | Hr             | £                   |
| Administration and Planning                     | 357.00           | 665.4          | 237,548.60          | 400.00         | 37.5         | 15,000.00        | 359.30                 | 702.9          | 252,548.60          | 536.0                  | 284.0          | 152,186.00          |
| Investigations                                  | 347.72           | 81.2           | 28,234.50           | 0.00           | 0.0          | 0.00             | 347.72                 | 81.2           | 28,234.50           | 201.0                  | 139.0          | 27,886.00           |
| Realisation of assets                           | 575.37           | 467            | 268,697.10          | 550.00         | 22.7         | 12,500.00        | 574.19                 | 489.7          | 281,197.10          | 333.0                  | 577.0          | 192,094.00          |
| Trading   | 406.37           | 992.5          | 403,322.95          | 550.00         | 0.0          | 0.00             | 406.37                 | 992.5          | 403,322.95          | 447.0                  | 914.0          | 408,745.00          |
| Creditors                                       | 375.47           | 224.3          | 84,217.00           | 400.00         | 75.0         | 30,000.00        | 381.61                 | 299.3          | 114,217.00          | 529.0                  | 407.0          | 215,184.00          |
| Tax   | 544.82           | 205.4          | 111,905.15          | 400.00         | 18.8         | 7,500.00         | 532.70                 | 224.2          | 119,405.15          | 351.0                  | 203.0          | 71,184.00           |
| Reporting                                       | 362.34           | 433.7          | 157,147.45          | 475.00         | 31.6         | 15,000.00        | 369.99                 | 465.3          | 172,147.45          | 300.0                  | 442.0          | 132,721.00          |
| <b>Administrators' fee estimate</b>             | <b>427.00</b>    | <b>3,069.5</b> | <b>1,291,072.75</b> | <b>708.0</b>   | <b>113.0</b> | <b>80,000.00</b> | <b>421.21</b>          | <b>3,255.1</b> | <b>1,371,072.75</b> | <b>402.0</b>           | <b>2,987.0</b> | <b>1,200,000.00</b> |
| <b>Total Approved Estimate Inclusive of VAT</b> |                  |                |                     |                |              |                  |                        |                |                     |                        |                | <b>1,440,000</b>    |

### Key Information:

- Earlier this year, the creditors of IRUK LP gave approval for us to draw remuneration up to a fees estimate of £1.2m plus VAT.
- The amounts drawn to date are set out in the receipts and payments accounts set out earlier in this report. Please refer to our previous progress reports for the reasons giving rise to an increase from our initial fees estimate.
- As set out on the previous page, we do expect to seek approval to draw remuneration beyond the £1.2m previously agreed with creditors. If this position changes, we will write to creditors at the appropriate time with further details.
- The additional work that has been necessary since providing our previous update, has principally been in the following key areas:
  - The application to court to extend the Administration for an additional two years due to the delays at the Land Registry; and the consequential further work that has been (and will be required) in relation to the fulfilment of periodic statutory obligations and other incidental responsibilities arising whilst we remain appointed and act as agents of the Company;
  - Working to finalise the s98 Capital Allowance position with one of the Eastgate Purchasers; and
  - Time spent in completing post-sale formalities including rent and service charge reconciliations and in terms of specific additional work arranging the re-assignment of historic rates and service charge back to IRUK once the Eastgate Purchaser did not take the option to buy them per their right under the terms of the SPA .

## 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 and are set out below.**

### 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, we 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 also 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 the 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           | 1 Jan 21 -<br>31 Dec 21<br>(£/hour) | 1 Jan 22 -<br>30 Sep 22<br>(£/hour) | 01 Oct 22 -<br>30 Sep 23<br>(£/hour) | 01 Oct 23 -<br>Present<br>(£/hour) |
|--------------------------|-------------------------------------|-------------------------------------|--------------------------------------|------------------------------------|
| Senior Managing Director | 647.50                              | 672.00                              | 756.00                               | 801.50                             |
| Managing Director        | 556.50                              | 577.50                              | 651.00                               | 689.50                             |
| Senior Director          | 518.00                              | 539.00                              | 605.50                               | 640.50                             |
| Director                 | 462.00                              | 479.50                              | 539.00                               | 570.50                             |
| Senior Consultant        | 409.50                              | 427.00                              | 479.50                               | 507.50                             |
| Consultant               | 350.00                              | 364.00                              | 409.50                               | 434.00                             |
| Associate                | 164.50                              | 171.50                              | 276.5                                | 294.00                             |

- 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

Analysis of time incurred for the period from 22 May 2023 to 21 November 2023 (IRUK LP only).

|                                     | Senior Managing Director | Managing Director / Director | Senior Consultant / Consultant | Associate       | Total Time       | Total Cost      | Average Cost |
|-------------------------------------|--------------------------|------------------------------|--------------------------------|-----------------|------------------|-----------------|--------------|
| Strategy and planning               | -                        | 14.8                         | -                              | 8.0             | 22.8             | 10,222.8        | 448.4        |
| Appointment and related formalities | -                        | 3.5                          | -                              | 11.8            | 15.3             | 5,149.2         | 336.5        |
| Receipts and payments accounts      | -                        | 7.5                          | -                              | 4.3             | 11.8             | 5,471.2         | 463.7        |
| Checklist and reviews               | 0.5                      | -                            | -                              | 29.2            | 29.7             | 8,451.8         | 284.6        |
| Cashiering and reconciliations      | -                        | 2.4                          | -                              | 46.5            | 48.9             | 14,832.7        | 303.3        |
| Case Admin                          | -                        | 0.4                          | -                              | 7.5             | 7.9              | 2,334.2         | 295.5        |
| <b>Subtotal</b>                     | <b>0.5</b>               | <b>28.6</b>                  | <b>0.0</b>                     | <b>107.3</b>    | <b>136.4</b>     | <b>46,461.8</b> |              |
| Correspondence with directors       | -                        | -                            | -                              | 0.3             | 0.3              | 88.2            | 294.0        |
| <b>Subtotal</b>                     | <b>-</b>                 | <b>-</b>                     | <b>-</b>                       | <b>0.3</b>      | <b>0.3</b>       | <b>88.2</b>     |              |
| Sale of business                    | 0.5                      | 0.3                          | -                              | -               | 0.8              | 584.9           | 731.1        |
| Post-completion obligations         | 0.5                      | -                            | -                              | -               | 0.5              | 378.0           | 756.0        |
| Book debts                          | 0.3                      | 1.0                          | -                              | -               | 1.3              | 811.0           | 623.8        |
| Lazard Process                      | 0.5                      | 1.3                          | -                              | -               | 1.8              | 1,247.1         | 692.8        |
| Tax- Post Transaction Obligations   | -                        | 9.4                          | -                              | -               | 9.4              | 6,138.7         | 653.0        |
| Post Transactions Obligations       | -                        | 8.5                          | -                              | 0.2             | 8.7              | 4,904.6         | 563.7        |
| <b>Subtotal</b>                     | <b>1.8</b>               | <b>20.5</b>                  | <b>-</b>                       | <b>0.2</b>      | <b>22.5</b>      | <b>14,064.1</b> |              |
| Ongoing trading / monitoring        | -                        | 0.1                          | -                              | -               | 0.1              | 65.1            | 651.0        |
| Closure of trading                  | 1.5                      | -                            | -                              | -               | 1.5              | 1,156.8         | 771.2        |
| <b>Subtotal</b>                     | <b>1.5</b>               | <b>0.1</b>                   | <b>0.0</b>                     | <b>0.0</b>      | <b>1.6</b>       | <b>1,221.9</b>  |              |
| Unsecured creditors                 | -                        | -                            | -                              | 17.0            | 17.0             | 4,700.5         | 276.5        |
| Secured creditors                   | 0.5                      | -                            | -                              | -               | 0.5              | 378.0           | 756.0        |
| <b>Subtotal</b>                     | <b>0.5</b>               | <b>0.0</b>                   | <b>0.0</b>                     | <b>17.0</b>     | <b>17.5</b>      | <b>5,078.5</b>  |              |
| Post appointment CT                 | 1.0                      | 1.4                          | -                              | -               | 2.4              | 1,554.7         | 647.8        |
| Post appointment VAT                | -                        | 2.5                          | -                              | 19.8            | 22.3             | 7,105.7         | 318.6        |
| Tax advice on transactions          | 1.0                      | -                            | -                              | -               | 1.0              | 756.0           | 756.0        |
| Other post appointment tax          | -                        | 8.8                          | -                              | -               | 8.8              | 5,728.8         | 651.0        |
| <b>Subtotal</b>                     | <b>2.0</b>               | <b>12.7</b>                  | <b>0.0</b>                     | <b>19.8</b>     | <b>34.5</b>      | <b>15,145.2</b> |              |
| Other statutory reports/meetings    | 2.6                      | 28.8                         | -                              | 38.1            | 69.5             | 28,776.3        | 414.0        |
| <b>Subtotal</b>                     | <b>2.6</b>               | <b>28.8</b>                  | <b>0.0</b>                     | <b>38.1</b>     | <b>69.5</b>      | <b>28,776.3</b> |              |
| <b>Total Time by Grade</b>          | <b>8.9</b>               | <b>90.7</b>                  | <b>0.0</b>                     | <b>182.7</b>    | <b>282.3</b>     |                 |              |
| <b>Total Cost by Grade</b>          | <b>6,787.6</b>           | <b>53,125.8</b>              | <b>0.0</b>                     | <b>50,922.6</b> | <b>110,835.9</b> |                 |              |
| <b>Average by Grade</b>             | <b>762.6</b>             | <b>585.7</b>                 | <b>0.0</b>                     | <b>278.7</b>    | <b>392.6</b>     |                 |              |

## Appendix C: Joint Administrators' Remuneration and Expenses

Analysis of total time incurred for the IRUK LP Administration from 22 November 2021 to 21 November 2023.

|                                     | Senior Managing Director | Managing Director / Director | Senior Consultant / Consultant | Associate     | Total Time    | Total Cost        | Average Cost |
|-------------------------------------|--------------------------|------------------------------|--------------------------------|---------------|---------------|-------------------|--------------|
| Strategy and planning               | 4.00                     | 182.70                       | 3.00                           | 28.50         | 218.20        | 105,756.60        | 484.68       |
| Initial actions                     | 1.50                     | 9.80                         | -                              | 38.10         | 49.40         | 12,696.60         | 257.02       |
| Appointment and related formalities | 1.50                     | 8.90                         | -                              | 88.10         | 98.50         | 26,354.30         | 267.56       |
| Receipts and payments accounts      | 0.30                     | 17.20                        | 0.40                           | 24.90         | 42.80         | 15,447.95         | 360.93       |
| Checklist and reviews               | 0.50                     | 3.10                         | -                              | 42.00         | 45.60         | 13,701.45         | 300.47       |
| Cashiering and reconciliations      | 0.30                     | 14.90                        | -                              | 176.60        | 191.80        | 55,654.90         | 290.17       |
| Bonding and IPS maintenance         | -                        | 0.60                         | 1.00                           | 17.50         | 19.10         | 5,602.65          | 293.33       |
| <b>Subtotal</b>                     | <b>8.10</b>              | <b>237.20</b>                | <b>4.40</b>                    | <b>415.70</b> | <b>665.40</b> | <b>237,548.60</b> |              |
| Correspondence with directors       | -                        | 1.00                         | -                              | 2.80          | 3.80          | 1,083.95          | 285.25       |
| Directors questionnaire/checklists  | -                        | 2.20                         | -                              | 5.00          | 7.20          | 2,115.40          | 293.81       |
| Statement of affairs                | -                        | 13.50                        | -                              | 6.30          | 19.80         | 8,679.30          | 438.35       |
| Reports of Directors' conduct       | -                        | 16.70                        | -                              | 28.30         | 45.00         | 13,196.40         | 293.25       |
| Books and records                   | -                        | 4.70                         | -                              | -             | 4.70          | 2,769.90          | 589.34       |
| Electronic records                  | -                        | 0.70                         | -                              | -             | 0.70          | 389.55            | 556.50       |
| <b>Subtotal</b>                     | <b>-</b>                 | <b>38.80</b>                 | <b>-</b>                       | <b>42.40</b>  | <b>81.20</b>  | <b>28,234.50</b>  |              |
| Cash and investments                | -                        | 6.80                         | -                              | 18.70         | 25.50         | 7,022.75          | 275.40       |
| Sale of business                    | 30.80                    | 258.30                       | -                              | -             | 289.10        | 185,300.85        | 640.96       |
| Post-completion obligations         | 1.30                     | 0.30                         | -                              | -             | 1.60          | 1,156.05          | 722.53       |
| Book debts                          | 0.30                     | 8.70                         | -                              | 2.00          | 11.00         | 6,376.65          | 579.70       |
| Stock and WIP                       | -                        | -                            | -                              | 10.60         | 10.60         | 2,237.90          | 211.12       |
| Property, plant and vehicles        | -                        | 14.60                        | -                              | 13.70         | 28.30         | 10,694.95         | 377.91       |
| Other assets                        | 1.50                     | 21.00                        | -                              | 0.40          | 22.90         | 12,700.10         | 554.59       |
| Health & Safety/Insurance           | -                        | 0.80                         | -                              | -             | 0.80          | 451.50            | 564.38       |
| Legal issues/litigation             | -                        | 0.50                         | -                              | -             | 0.50          | 278.25            | 556.50       |
| Fixed Charge Property               | -                        | 56.80                        | -                              | -             | 56.80         | 30,187.85         | 531.48       |
| Lazard Process                      | 0.50                     | 1.30                         | -                              | -             | 1.80          | 1,247.05          | 692.81       |
| Tax- Post Transaction Obligations   | -                        | 9.40                         | -                              | -             | 9.40          | 6,138.65          | 653.05       |
| Post Transactions Obligations       | -                        | 8.50                         | -                              | 0.20          | 8.70          | 4,904.55          | 563.74       |
| <b>Subtotal</b>                     | <b>33.90</b>             | <b>367.80</b>                | <b>-</b>                       | <b>45.40</b>  | <b>467.00</b> | <b>268,697.10</b> |              |

## Appendix C: Joint Administrators' Remuneration and Expenses

### Analysis of time incurred for the IRUK LP Administration from 22 November 2021 to 21 November 2023

|                                  | Senior Managing Director | Managing Director / Director | Senior Consultant / Consultant | Associate      | Total Time       | Total Cost        | Average Cost |
|----------------------------------|--------------------------|------------------------------|--------------------------------|----------------|------------------|-------------------|--------------|
| Initial control of operations    | 1.20                     | 3.20                         | -                              | 0.50           | 4.90             | 2,640.05          | 538.79       |
| Ongoing trading / monitoring     | 5.80                     | 488.30                       | 20.00                          | 389.90         | 904.00           | 354,042.60        | 391.64       |
| Closure of trading               | 4.80                     | 3.50                         | -                              | -              | 8.30             | 5,594.05          | 673.98       |
| Employees - Payroll              | -                        | 36.10                        | -                              | 2.50           | 38.60            | 21,127.40         | 547.34       |
| Employees - HR Issues            | -                        | 33.80                        | -                              | 2.90           | 36.70            | 19,918.85         | 542.75       |
| <b>Subtotal</b>                  | <b>11.80</b>             | <b>564.90</b>                | <b>20.00</b>                   | <b>395.80</b>  | <b>992.50</b>    | <b>403,322.95</b> |              |
| Unsecured creditors              | -                        | 10.60                        | -                              | 32.20          | 42.80            | 12,695.90         | 296.63       |
| Secured creditors                | 20.00                    | 47.90                        | 2.00                           | 111.10         | 181.00           | 71,438.85         | 394.69       |
| Lease creditors                  | -                        | -                            | -                              | 0.50           | 0.50             | 82.25             | 164.50       |
| <b>Subtotal</b>                  | <b>20.00</b>             | <b>58.50</b>                 | <b>2.00</b>                    | <b>143.80</b>  | <b>224.30</b>    | <b>84,217.00</b>  |              |
| Initial reviews CT and VAT       | -                        | 0.50                         | -                              | -              | 0.50             | 288.75            | 577.50       |
| Pre-appointment CT               | -                        | 17.00                        | -                              | -              | 17.00            | 10,293.50         | 605.50       |
| Pre-appointment VAT              | -                        | 0.90                         | -                              | -              | 0.90             | 500.85            | 556.50       |
| Post appointment CT              | 4.50                     | 7.10                         | 4.10                           | 0.80           | 16.50            | 9,842.00          | 596.48       |
| Post appointment VAT             | 1.70                     | 29.50                        | 4.00                           | 29.30          | 64.50            | 28,967.75         | 449.11       |
| Tax advice on transactions       | 14.50                    | 49.80                        | 0.60                           | 0.70           | 65.60            | 41,699.00         | 635.66       |
| Other post appointment tax       | -                        | 34.40                        | 1.40                           | 4.60           | 40.40            | 20,313.30         | 502.80       |
| <b>Subtotal</b>                  | <b>20.70</b>             | <b>139.20</b>                | <b>10.10</b>                   | <b>35.40</b>   | <b>205.40</b>    | <b>111,905.15</b> |              |
| Proposals                        | 1.00                     | 40.20                        | -                              | 82.60          | 123.80           | 35,842.80         | 289.52       |
| Other statutory reports/meetings | 5.10                     | 108.20                       | 0.50                           | 125.00         | 238.80           | 91,928.90         | 384.96       |
| Secured creditor reports         | 1.00                     | 30.00                        | 3.00                           | 33.30          | 67.30            | 26,796.60         | 398.17       |
| Secured creditor calls           | 2.60                     | 1.20                         | -                              | -              | 3.80             | 2,579.15          | 678.72       |
| <b>Subtotal</b>                  | <b>9.70</b>              | <b>179.60</b>                | <b>3.50</b>                    | <b>240.90</b>  | <b>433.70</b>    | <b>157,147.45</b> |              |
| <b>Total Time by Grade</b>       | <b>104</b>               | <b>1,586</b>                 | <b>40</b>                      | <b>1,319</b>   | <b>3,070</b>     |                   |              |
| <b>Total Cost by Grade</b>       | <b>76,133</b>            | <b>909,463</b>               | <b>16,998</b>                  | <b>288,479</b> | <b>1,291,073</b> |                   |              |
| <b>Average by Grade</b>          | <b>731</b>               | <b>573</b>                   | <b>425</b>                     | <b>219</b>     | <b>421</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 indication 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 Administrations, 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>Trading:</b> Following the sale of Eastgate the ongoing trading of the centre was no longer undertaken by the Joint Administrators. However, during the Period various post-sale obligations have been undertaken including final rent and service charge reconciliations.</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> <li>■ The post-transaction works have closed out the positions in relation to rent and service charge enabling the trading position to be closed out.</li> </ul>  |
| Realising the Assets        | <ul style="list-style-type: none"> <li>■ <b>Sale of business:</b> In the prior period, we completed the sales of the Eastgate Centre, and under the terms of the SPA we were required to undertake various post-transaction obligations.</li> <li>■ <b>Rent &amp; Service Charge Arrears:</b> Post-transaction we continued to have the right to both Rent and Service Charge arrears that were incurred prior to the transaction. We will continue to look to collect these arrears in future periods, during the period the Purchaser did not take up an option to purchase these arrears so these have subsequently been reassigned to us as seller and we have been in discussions with Agents around their future collection.</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 the claims agreement, we perform a 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> Prepared and submitted the necessary and periodic tax returns falling due during the Administrations; and requesting clearance from HMRC prior to ceasing to act as Joint Administrators.</li> <li>■ <b>VAT:</b> Prepared and submitted 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>■ <b>Receipts, payments and accounting journals:</b> Maintaining adequate accounting records for the period of the Administrations, 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> </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> In June 2023, we prepared and circulated our latest six-monthly report on the progress of the Administrations, including receipts and payments accounts.</li> <li>■ <b>Extensions to the Administration:</b> In September and October 2023, we sought and obtained the Court's approval for the period of the Administrations to be extended for a period of two further years, to 25 November 2025.</li> </ul> | <ul style="list-style-type: none"> <li>■ These 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> <li>■ The reason for the extension was principally due to the anticipated delays at the Land Registry in the transfer of titles following the sale of Eastgate.</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 following 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 ourselves (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 charge their fees is appropriate in the circumstances. Other than the legal advice, 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 (e.g both the property and asset managers were incumbent and had a detailed knowledge of Eastgate). 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 teams 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.     |

\*As a result of the sale, these third parties did not perform any work for ourselves, or the Companies during the Period and no further support is expected.

## Appendix C: Joint Administrators' Remuneration and Expenses

Below is a table summarising the trading expenses in the Period, our current estimate of total expenses and a comparison to our initial estimate (the details given to creditors prior to the determination of the basis of our remuneration).

| Expense Type                               | Estimate per the Proposals | Total Estimate      | Incurred during 22 May 23 to 21 Nov 23 | Total Incurred (21 Nov 2021 to 21 Nov 2023) | Comment   |
|--|----------------------------|---------------------|--|---|---|
| Service Charge Net expenditure             | 290,400.00<br>(per month)  | 4,646,400.00        | 429,287.79                             | 3,513,072.84                                | Includes all PPM, including the fees due to the Property Manager. The amounts incurred during the period relates to the final service charge reconciliations. |
| Non-Recoverable Service Charge expenditure | 85,000.00<br>(per month)   | 1,360,000.00        | -                                      | 390,042.97                                  | Includes capital expenditure beyond the scope of PPM.   |
| Professional Fees                          | 574,400.00                 | 960,000.00          | -                                      | 1,292,161.76                                | Fees relating to planning and the sales transaction (including legal and architects fees) and tenant leases.  |
| Employee costs                             | 5,000.00                   | 120,000.00          | -                                      | 47,251.96                                   | Includes fees relating to the employment of a director in BTCM, therefore no fees were sent during the period.  |
| Insurance                                  | 257,148 .00                | 257,148.00          | (245,015)                              | 297,465.50                                  | Costs relating to the insurance of the shopping centre. During the previous period we ended the contract and during this period received a refund of c£317k.  |
| <b>Totals</b>                              |                            | <b>7,343,548.00</b> | <b>184,273.11</b>                      | <b>5,539,995.03</b>                         |   |

- Service Charge Net expenditure/ Non-Recoverable Service Charge expenditure** – Our Proposals prudently estimated monthly Service Charge expenditure and Non-Recoverable Service Charge expenditure of £290.4k per month and £85k per month whilst we continued to trade Eastgate. An estimated total was based on the sale completing at 24 months which has been updated to reflect the 16-month trading period and shows that actual net costs incurred were significantly lower than predicted.
- Professional Fees** – The initial estimate for professional fees was £574,400, however, as explained in our first progress report, this estimate excluded legal and agent fees associated with the letting/ re-letting of the short leases at Eastgate. As a consequence of these costs having not been included, we revised the initial estimate to £60k a month. In the previous period, the Centre was sold, and the CMS sales fee was included within these professional fees, which is the key reason the estimate has been exceeded alongside the fact that the number of lettings and re-lettings was above the levels initially anticipated at appointment.
- Employee Costs** - Our initial estimate had employee-related costs of £5k but had been incorrectly described as a single amount rather than a monthly estimate. This was clarified in our subsequent progress reports. The expenses incurred have not exceeded the estimate (based on a monthly fee of £5k).
- Insurance** - Our initial insurance estimate assumed that cover was not required beyond the one-year anniversary. The increased expenditure is a consequence of 16 months cover having been required, though it should be noted that a substantial (partial) refund of the second-year premium was received during the Period.

## Appendix C: Joint Administrators' Remuneration and Expenses

Below is a table summarising the non-trading expenses in the Period, our current estimate of total expenses and a comparison to our initial estimate (the details given to creditors prior to the determination of the basis of our remuneration).

| Expense Type                    | Estimate per the Proposals | Incurred during the period | Total Incurred (21 Nov 2021 to 21 Nov 2023) | Future Estimate  | Total             | Comments   |
|---------------------------------|----------------------------|----------------------------|---|------------------|-------------------|--|
| Sales Agents Fees (note 1)      | TBD                        | -                          | 372,042.90                                  | -                | 372,042.90        | Includes sales fee on leasehold interest of the single unit.   |
| Bonding (note 2)                | 180                        | -                          | 225   | -                | 225.00            | Required for all insolvency appointments.  |
| Gazetting (note 2)              | 442                        | -                          | 368   | -                | 368.00            | Statutory notices placed in the Gazette.   |
| Legal fees (note 3)             | 132,000.00                 | 21,224.00                  | 138,343.00                                  | 25,000.00        | 163,343.00        | Legal fees incurred during the period relate to the extension of the Administration and were settled shortly after the period end. As set out earlier in the report these costs were met by a third party. |
| Postage and stationery (note 4) | 500                        | -                          | 1,034.40                                    | -                | 1,034.40          | Re-direction of mail.  |
| Travel and subsistence expenses | 500                        | -                          | 386.4                                       | 113.6            | 500.00            |  |
| <b>Totals</b>                   | <b>133,622.00</b>          | <b>21,224.00</b>           | <b>512,399.70</b>                           | <b>25,113.60</b> | <b>537,513.30</b> |  |

1. **Sales Agents Fees** – The initial estimate was not disclosed as it was considered to be commercially sensitive (as a percentage of the sale price) and highly uncertain given the range of possible outcomes. Amounts paid in the period following the completion of the Eastgate transaction, include amounts paid to Savills and Sovereign Centros which were payable on the completion of the transaction.
2. **Bonding/ Gazetting** – The initial estimate for bonding was slightly understated, attributed to a recent change in our bonding premiums.
3. **Legal fees** – Consists of legal fees outside of those which relate to the trading and reletting of units in Eastgate which are covered in the professional fees detailed on the previous page. We expect future legal fees to be relatively limited with the only key workstream likely to be the application to court to extend the Administration and to pay a distribution to LP's creditors, as set out in the note above the legal costs relating to the extension of the Administrations was paid by the Purchaser of the Eastgate centre.
4. **Postage and stationery** - The re-direction of mail was implemented for a period longer than anticipated due to post continuing to be received at the previously registered address.
  - The expenses estimates do not represent a cap on the amount of expenses that can be paid, and approval for payment is only required for those that are Category 2 expenses, as previously defined.

## 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 D: Legal Notices

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

### 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 insolvency proceedings.
- 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 Companies subject to these insolvency proceedings.
- 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.

### Information on creditors' rights

- A creditors' guide to administrations can be found on our website below. It includes information to help creditors understand their rights and describes how best these rights can be exercised.  
[www.fticonsulting.com/emea/cip/forms-and-information](http://www.fticonsulting.com/emea/cip/forms-and-information).
- The website also has a creditors' guide to administrators' fees which is intended to help creditors be aware of their rights under legislation to approve and monitor fees; and explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive. Details of these rights are also set out on the right.

### 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>

### 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.

### 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.





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