



To All Known Creditors and Members



**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)**

Joint Administrators' Progress Report for the period:

22 November 2021 to 21 May 2022

23 November 2021 to 22 May 2022 for InfraRed UK Lion GP Limited

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# Glossary

Abbreviation	Definition
<b>BEIS</b>	Department for Business, Energy and Industrial Strategy
<b>BTCM</b>	BTCM Limited, Basildon Town Centre Management
<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>IA86</b>	Insolvency Act 1986 (as amended)
<b>ICAEW</b>	Institute of Chartered Accountants in England & Wales
<b>IPO1994</b>	The Insolvent Partnerships Order 1994
<b>IP</b>	Insolvency Practitioner
<b>IR16</b>	Insolvency (England and Wales) Rules 2016 (as amended)
<b>IRCP / InfraRed</b>	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>LTO</b>	Licence to occupy leasehold premises
<b>RPS</b>	Redundancy Payments Service
<b>Schedule B1</b>	Schedule B1 IA86
<b>SIP</b>	Statement of Insolvency Practice
<b>SIP 2</b>	Investigations by office holders in administration and insolvent liquidations
<b>SIP 7</b>	Presentation of financial information in insolvency proceedings
<b>SIP 9</b>	Payments to insolvency office holders and their associates from an estate
<b>VAT</b>	Value Added Tax

Term	Meaning
<b>Administration</b>	The Administrations of IRUK LP, IRUK GP, IRUK N1 and IRUK N2
<b>Appointment Date</b>	22 November 2021 for IRUK LP, IRUK N1 and IRUK N2 23 November 2021 for IRUK GP
<b>Pre-Administration</b>	The period before the appointment date
<b>the Court</b>	The High Court of Justice, Business and Property Courts of England and Wales, Insolvency List (ChD)
<b>Administrators / Joint Administrators / we / our / us</b>	Andrew James Johnson, Ali Abbas Khaki, Matthew Boyd Callaghan
<b>Eastgate / the Centre</b>	Eastgate Shopping Centre, Basildon
<b>the Companies / the Group / the Entities</b>	IRUK LP, IRUK GP, IRUK N1 and IRUK N2
<b>Lender / Secured Lender / Secured Creditor</b>	Creditors with security in respect of their debt in accordance with Section 248 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>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>Secured Debt</b>	c.£55,610,178.44 term loan provided by the Secured Lender
<b>Shareholder / IRCP</b>	InfraRed Capital Partners Limited, the ultimate shareholder of the Companies
<b>Non-preferential unsecured creditors/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. The Secured Creditor may also claim for the unsecured element of its debt.
<b>Property Managers / MK</b>	Munroe K
<b>Asset Managers / SC</b>	Sovereign Centros



# Introduction

## Introduction

**This is our first report to creditors on the progress of the Administration of the Companies and includes our latest estimate of the recoveries for creditors and details of the work we still need to do.**

- Matthew Callaghan, Andrew Johnson and I were appointed as joint administrators of IRUK LP, IRUK N1 and IRUK N2 on 22 November 2021. We were subsequently appointed as joint administrators of IRUK GP on 23 November 2021.
- The appointments were made by the members of the Partnership in relation to IRUK LP and by the company directors in relation to IRUK GP, IRUK N1 and IRUK N2.
- IRUK LP is a limited partnership under the Limited Partnerships Act 1907. IRUK GP, IRUK N1 and IRUK N2 are companies incorporated under the Companies Act 2006. Unless otherwise stated (and for the ease of reading), we collectively refer to all four entities as “the Companies” and references to ‘company’ include the Partnership.
- Pursuant to Rule 18.6 IR16, we are required to provide creditors with reports at six monthly intervals, setting out what has happened in the Administrations.
- This report covers the six-month period from our Appointment Date and contains:
  - An explanation of the work we have undertaken during 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 undertake before the Administrations can be concluded;
  - A statement of our receipts and payments in each of the insolvency estates 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 appointment as joint administrators.
- Further details surrounding the Administrations of the Companies can be found in our Proposals dated 13 January 2022, which are available online at <https://www.fticonsulting.com/emea/cip/infrared-uk-lion>
- Certain legal notices regarding this report, our appointment and creditors’ rights are included in Appendix F.
- If you have any queries regarding the content of this report or you want hard copies of any of the documents made available online, please contact us using the details provided opposite.

### How to Contact Us

- Creditors and members can contact us using the preferred methods below:

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

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Aldersgate Street  
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Tel: 020 7269 9391

- Information can also be found at:  
<https://www.fticonsulting.com/emea/cip/infrared-uk-lion>

Signed:



**Ali Khaki**

Joint Administrator  
Acting as agent and without personal liability

# Background to the Administrations and Proposed Strategy

**In our Proposals, we set out the events leading up to the Administrations and the proposed strategy for achieving the purpose of the Administrations. A summary is provided here.**

## Background to the Companies and 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 summary, the Companies principal asset is the legal and beneficial interest in the Eastgate Shopping Centre in Basildon which comprises over 100 lettable units, a food terrace and car park. There were substantial refurbishments in 2007 and 2013 in relation to the multi-storey car park and in 2019 annual footfall totalled 11.5 million.
- In recent years there has been a material decline in the value of the Centre driven by industry factors, including: tenants seeking revised terms, the increase in online retail reducing footfall and consumer spend, and an increased supply of lettable units as various retailers have fallen into insolvency. These issues were exacerbated by Covid-19 and the 2020 and 2021 lockdowns, with Eastgate being forced to close, increased financial pressure on tenants and government legislation resulting in a significant reduction in rent collections.

## Administration Strategy

- Following our appointment as joint administrators over the Companies, Eastgate has continued to trade with shops remaining open. The existing Property Managers (Munroe K) and Asset Managers (Sovereign Centros) were retained at the outset of the Administrations and they continue to support us with the ongoing trading at the Centre.
- The view remains (as set out in the Proposals) that the ongoing trading of Eastgate prior to its ultimate sale is expected to result in the best outcome for creditors.
- The strategy (in terms of the ongoing trading prior to a sale of Eastgate) continues to be closely monitored, with Savills having been retained to support on identifying and implementing the optimal sales process. The process and timing have not yet been finalised but preparation for a sale is underway.
- As previously set out, the Centre had several ongoing planning appeals the outcome of which have the potential to make Eastgate a more attractive proposition to some purchasers. We have therefore continued to support (and the Companies continue to fund the costs of) each of the outstanding planning appeals with a view to their conclusion being in the Companies' favour. The final appeal is due to be heard in August 2022 but its outcome will take some time to be known.

### ~100 lettable units

Located at the Eastgate Centre

The Eastgate Centre consists of over 100 lettable units. However, given current market conditions, a number of these remain unoccupied, with current occupancy at 69.4%.

### ~11.5m

Annual footfall

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

### Savills

Appointed as sales agents

Since our appointment, Savills have been instructed to assist in producing (and ultimately implementing) a sales strategy for Eastgate.



# Progress of the Administrations

## Eastgate Sales Strategy and Realisations

**During the period we have worked closely with MK (Property Managers) and SC (Asset Managers) in continuing to trade Eastgate. Additionally we have instructed Savills to run a sale process.**

### Sale Strategy and the Appointment of Agents

- During the period, we have instructed Savills to act as sales agent.
- To date, Savills have undertaken a detailed strategy review and analysis of current market conditions, highlighting the various potential options for the sale of the Group's real estate assets (fundamentally Eastgate).
- The sales process and timing have not yet been finalised. As a consequence, an extension to the Administration is highly likely to be required.
- Prior to the commencement of the formal sale process, any interested parties should contact Mark Garmon-Jones at Savills on [MGJones@savills.com](mailto:MGJones@savills.com).

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

- During the period, we have worked closely with SC on lease renewals, rent reviews and new lettings.
- Savills have also been involved in prospective new letting discussions (following their appointment as sales agent), to assist maximise realisations upon any sale.
- We have been in regular dialogue with SC and MK to reach agreement with tenants on the recovery of rent and service charge arrears due for the period during which the Government enforced rent moratorium ("the moratorium") was in place.
- Following the removal of the moratorium in March 2022, it has been possible to pursue rental arrears by normal means. We are working alongside SC, MK and our legal advisors to decide the best course of action on a case by case basis..

### Sale of unit at Eastgate

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

### Ongoing Planning Process

- A planning appeal was submitted in October 2021 (prior to the Administrations) as a consequence of Basildon Council's failure to grant planning permission within the prescribed time limits.
- A planning inspector was appointed as a Case Officer to hear the appeal with an initial case management conference held in mid-May 2022.
- The planning appeal is scheduled to be heard at a public inquiry in early August 2022.



## Non-Property Related Asset Realisations

**IRUK LP holds the beneficial interest in Eastgate, whilst IRUK NI and IRUK N2 are legal owners of the property. As a consequence, IRUK LP is the main trading entity and where the majority of asset realisations take place.**

### Pre-Administration Bank Accounts

- As set out in the Proposals, as at the date of our appointment, IRUK LP held £2.6m in cash, of which £1.8m was subject to the Secured Creditor's fixed charged security.
- Prior to the receipt of these funds, HSBC informed us of its intention to apply set off of a c£14k overdraft position in the Operating Account meaning the total fixed charge cash received into the Administration (of the LP) was £1.6m.
- The Property Managers (MK) continue to operate the Collections Account, into which tenants make payment of both rent and service charge.
- Receipts are swept fortnightly from the Collections Account, with fixed charge rent monies transferred to our fixed charge (rent) account and service charge monies swept to a service charge account which continues to be operated by MK.
- MK report to us monthly and have authorisation to make only pre-approved budgeted expenditure from the bank accounts under their control. Any payments made from the fixed charge account are subject to Secured Creditor approval.

### Book Debts

- Since our appointment, historic rental balances relating to the pre-Administration period have continued to be recovered. These total c.£730k, as shown in the receipts and payments account in Appendix B.
- Due to the Covid-19 pandemic, there was a requirement for negotiated settlements with tenants in relation to the Covid-19 period. Reaching settlements has required discussions and negotiations with tenants and terms have now been agreed with a number of them.
- The collection of book debts has been undertaken with the assistance of MK and SC given their historic relationship with the tenants and their understanding of the tenants' situation.

### Insurance Refund

- Shortly following our appointment, we arranged new insurance cover for Eastgate, through our insurance broker, Aon.
- It was made clear at the time by the Companies former brokers, that the Companies existing insurance providers would not continue to offer ongoing cover on the same terms as the existing pre-Administration policy.
- However, the pre-Administration insurers did grant a short grace period of c.1 month for us to arrange for new insurance cover to be put in place.
- As a consequence of the pre-Administration policy having been pre-paid and the term of the policy being cut short, a refund was due to the Group and specifically to the LP.
- We communicated this to the Companies former insurance brokers to recover an amount due back to the Companies, with the refund received in March 2022. The amount of c.£72k is shown on the receipts and payments account for the LP and is not subject to the Lender's security.

### Trading Income

- Key matters in relation to the continuance of trading after our appointment are detailed on the next page.
- In summary, following our appointment, we have (alongside MK) continued to collect rental income, service charge income and car park income.
- Collection of the above has been slightly better than forecast.
- We continue to monitor ongoing trading, with key stakeholders updated on any material developments.

## Trading Overview

**Eastgate has continued to trade as normal with the Property Managers collecting rent and service charges and making payments in line with budget. Appendix B contains a detailed analysis of receipts and payments to date.**

### Rent Account

- As set out in the Proposals, rent collections are subject to the fixed charge held by the Secured Creditor.
- Rental income is paid into a Collections Account under the control of MK, with the funds then swept fortnightly and paid into our fixed charge bank account, with VAT is swept to our Operating Account (from which any liability to HMRC would be settled).
- Rental receipts allocated since appointment total £2.2m, comprising both monthly and quarterly income. This includes c£730k of pre-Administration rent arrears which have been collected during the period.
- Overall rental collections for the Administration period have remained ahead of expectations, leading to higher realisations and cash balances compared to initial forecasts.

### Service Charge Account

- The Service Charge Account is maintained by MK on behalf of the Companies.
- During the period, service charge payments total £1.6m and consist of all the associated costs of running the services for the communal areas at Eastgate, including security, utilities, cleaning etc.
- Service charge receipts from tenants total £574k. Where a unit is vacant, payment of the service charge for that unit is due from the Landlord. The Secured Creditors have made payments on behalf of the Landlord in relation to this of c.£500K by way of a non-recourse loan for service charge costs at unoccupied units.
- A number of suppliers have required payment of their pre-Administration debts as a requirement of ongoing supply. These are known as ransom creditors and are paid after careful consideration of the amount involved, alternative options and any legislative protections available.

### Car Park Income

- Similarly to rental collections, car park income is subject to a fixed charge held by the Secured Creditor.
- As a consequence of car park income being for the benefit of the fixed charge holder, all car park expenses have been included as a fixed charge expense.
- Car park income received during the period totals £125k, whilst Car Park expenses total £124k. Therefore, the car park operations have broadly broken even during the first six-months of the Administration period.
- As with rental collections, car park income is paid directly into the MK Collections Account, and swept fortnightly to our fixed charge bank account, with the VAT element swept to our Operating Account.

### Day-to-Day Trading

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

## Other Areas of Our Work

**During the period, we have been required to undertake a number of workstreams not directly relating to the ongoing trading or asset realisations at Eastgate. The key areas of work are set out below.**

### BTCM

- BTCM Limited is a private company limited by guarantee and without share capital. BTCM is the entity which owns and operates both town centre car parks and the market in Basildon.
- Given the size of Eastgate’s land holdings in Basildon, despite the Administrations, the Companies have, per their entitlement, continued to have a representative on the BTCM board of directors.
- In January 2022, we engaged Colin Flinn to act as the Companies’ representative at BTCM and following a BTCM board meeting, he was appointed to the BTCM board on 2 February 2022.
- BTCM continues to be run entirely independently from the Administration of the Companies.

### Employees

- The engagement of Colin Flinn (for the purpose of representing the interests of the Companies on the board of BTCM) was effected by a consultancy agreement with the LP.
- All payments under the terms of the consultancy agreement are payable as an expense of the Administration of the LP.
- Under the terms of the consultancy agreement with Colin Flinn, the LP accounts for PAYE, NI and other relevant payroll taxes.
- ERA Solutions (employment specialists who we regularly use to provide advice and support to us in dealing with employees of insolvent companies) have been instructed to assist us in dealing with the above.
- As stated previously, the Companies have no direct employees. MK employs Centre staff and manages contracted companies including (and not limited to) cleaning and security companies.

### Unsecured Creditor Queries

- During the period, we have dealt with a number of queries from the Companies unsecured creditors (predominately suppliers).
- This has included dealing with unsecured creditors adopting “ransom” positions in respect of historic debts due, where that creditor is required to provide continuing supplies.
- We have also received and responded to a number of queries regarding the likelihood of a dividend for unsecured creditors.

### Statutory Investigations

- We have submitted information to the Department for Business, Energy and Industrial Strategy following our review into the conduct of the Companies’ directors.
- The content of our investigatory findings is confidential, however based on the information reviewed, we concluded that there were no recovery actions that could be pursued in respect of the conduct of the Companies’ directors (or members, in the case of the LP).
- Our investigation work was performed in accordance with SIP 2 and included a review of:
  - Questionnaires completed by the Companies’ directors who held office in the three-year period prior to the Administrations;
  - The statements of affairs prepared by the directors;
  - Board Minutes in the lead up to appointment of Administrators;
  - The Companies’ financial information
  - Correspondence with creditors; and
  - Consideration of knowledge and information obtained during the course of our work prior to the Administrations.
- No further information has come to light during the period that has required further investigation regarding the directors’ conduct or any potential asset recovery actions.

## Other Work Undertaken and Remaining Steps

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

### Tax

- HMRC was notified of our appointments as part of our initial communications.
- Our internal tax specialists have been instructed to undertake work regarding the Companies VAT affairs and this commenced with a review of the Companies' VAT position.
- Given the Group structure, the VAT affairs are complex and the necessary steps to enable the Companies to recover/ pay VAT are ongoing. Additional challenges emerged as a consequence of the VAT group containing certain companies that were removed from the VAT group due to the Administrations.
- We are in correspondence with HMRC to resolve the position, so that the required post-Administration VAT returns can be completed. Currently the Group is in a VAT payable position with c.£58k due to HMRC.
- As the main trading entity was the LP (a Limited Partnership), CT returns are due from its members and not the LP itself. BDO has been instructed in respect of the work required for the LP return. Once the LP return has been completed work will be required to complete the GP's return.

### Funding Agreement

- Following our appointment, we entered into a funding agreement with the Secured Lender. This was to ensure sufficient ongoing funding would be available to meet any trading shortfall, as well as the costs and expenses of the Administrations.
- The funding agreement also provided for a quarterly drawdown of required funding from our fixed charge account, to enable anticipated trading, fixed charge and uncharged costs for the following quarter to be met. So far, drawdowns have been agreed for the periods ending 31 January 2022 and 30 April 2022.
- As part of the above, we provide reports to the Secured Creditor to support the quantum of the drawdown request.

### Remaining Steps

- The following ongoing and critical areas of work need to be continued:
  - Working closely with MK and SC whilst trading of the Centre continues. This will include the ongoing collection of rental, service charge and car park income.
  - The legal processes in relation to the planning applications submitted for Eastgate, with the support of our agents.
  - Our work with Savills to develop a marketing plan and implement a sales strategy. Our current expectation is that the marketing process and a sale will be undertaken/ completed later this year or early next year.
- At the appropriate time, we will undertake the relevant processes to make any distributions as required, to include:
  - Issuing Notices of Intended Dividend to unsecured creditors;
  - Adjudicating creditor claims, including notifying creditors where claims are rejected either in full or in part; and
  - Declaring and paying the dividend.
- We will complete the necessary steps to conclude the Administrations and to fulfil our periodic statutory requirements, including:
  - Providing creditors with six-monthly progress reports and a final report (once we are in a position to conclude the Administrations);
  - Taking the required steps to extend the Administrations beyond their first anniversary;
  - Distributing any surplus funds (following payment of any outstanding Administration expenses) to relevant creditors.
  - Submitting all post administration VAT returns and when necessary seeking clearance from HMRC to close the Administrations.



# Estimated Outcomes for Creditors

## Estimated Outcomes

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

### 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 has 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.
- Assets in the Administrations that were not subject to fixed charge security principally consist of c.£931k of cash held by IRUK LP in a specifically designated service charge bank account held by MK. A limited partnership is unable to grant a floating charge over its assets meaning any surplus funds remaining (after costs) would not be available to the Secured Creditor under its security entitlements.
- Therefore, recoveries for the Secured Creditor will largely arise from the sale of Eastgate; the value of which remains highly uncertain due to the ongoing planning appeals and different realisation strategies that may be available.
- Additional fixed charge realisations are expected from rental receipts from tenants (net of funding for ongoing trading). Realisations in relation to both of these remain uncertain; and in respect of rent, it will be dependent on the length of time before a sale of the Centre is completed.
- All fixed charge realisations are expected through IRUK LP, however, at this stage, given the continued market volatility and uncertainty around the success in obtaining various planning permissions, it is difficult to provide a likely recovery rate for the Secured Creditor.

- Additionally and as set out earlier in the report, additional realisations totalling £1.1m have been received by IRUK LP to the benefit of the Secured Lender.

### Utilisation of Uncharged Assets

- Opening cash balances that are not captured by the Lender’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 recognise 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, we are proposing to utilise uncharged funds up to the extent of the Secured Creditor’s anticipated dividend entitlement, in order to fund trading and in lieu of utilising the funding agreement.
- This approach requires 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. At the present time, we have prudently assumed a ring-fenced sum of £50k.

## Estimated Outcomes

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

### Preferential Creditors

- No preferential claims are expected in any of the Companies and as a consequence, no preferential dividends are anticipated.

### Unsecured Creditors

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

- However, in order to give creditors an indication of the potential magnitude of any dividend and for illustrative purposes only, we have estimated that this will be less than five pence in the pound.
- If a dividend for unsecured creditors does become available, we may agree in principle the claims of unsecured creditors.
- As it is not possible to move a limited partnership from Administration to Creditors' Voluntary Liquidation, we also expect to ask the Court to allow us to pay dividends to those creditors.
- To date, only a small number of unsecured creditors have made a claim against the Companies.

### 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.

#### Preferential Creditors

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



# The Administration Process



## Matters Relating to the Administration Process

**Insolvency legislation sets a 12-month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. We expect the Companies to be dissolved once the Administrations come to an end.**

### Extension to the Period of Administration

- Insolvency legislation sets a 12-month maximum duration for Administrations, unless the duration is extended by the Court or the creditors.
- We anticipate extending the Administration of all four entities as a consequence of planning issues potentially remaining open and a sale of the property not having completed in advance of the first anniversary of our appointment.
- All four entities have to be extended as IRUK N1 and IRUK N2 have the legal interest in Eastgate, whilst IRUK GP acts for the LP in relation to a number of key contracts. The LP is both the main operating entity and owner of the beneficial interest in Eastgate.
- At the appropriate time, we will either apply to the Court, or seek a decision from the relevant class (or classes) of creditors, to extend the duration of the Administrations.

### Ending the Administrations of IRUK N1, IRUK N2 and IRUK GP

- The manner in which an Administration ends usually depends on the Administration outcome. In this case and because we do not expect a dividend to be available for the unsecured creditors of IRUK N1, IRUK N2 and IRUK GP, the most likely exit route will be one of the following:
  - The Administration will end by filing notice of dissolution with the Registrar of Companies. The company will then be deemed to be dissolved by the Registrar of Companies three months after the notice is registered.
  - If there are matters remaining that require the attention of a liquidator, the Administration may end by the presentation of a winding up petition to the Court for the compulsory liquidation of the company. We may propose that Andrew Johnson, Ali Khaki and Matthew Callaghan (and/or any subsequent or replacement administrator holding office at that time) be appointed joint liquidators of the company by the Court.
- We will take steps to bring the Administrations to an end at the appropriate time (and when all necessary work has been completed) by using the exit route we believe is most appropriate at the time.

### Ending the Administration of IRUK LP

- As a limited partnership is unable to move to Creditors' Voluntary Liquidation, in order to distribute any surplus funds to unsecured creditors, should such a dividend become available, we would expect to ask the Court to allow us to pay dividends to those creditors during the Administration.
- Therefore, the Administration of IRUK LP is likely to end in the following way regardless of whether a dividend is available:
  - The Administration will end by filing notice of dissolution with the Court. The Partnership will then be deemed to be dissolved three months after the notice is registered.
- However, in the unlikely event that there are matters remaining that require the attention of a liquidator, the Administration may end by the presentation of a winding up petition to the Court for the compulsory liquidation of the Partnership. We may propose that Andrew Johnson, Ali Khaki and Matthew Callaghan (and/or any subsequent or replacement administrator holding office at that time) be appointed joint liquidators of the company by the Court.
- We will take steps to bring the Administration to an end at the appropriate time (and when all necessary work has been completed) by using the exit route we believe is most appropriate at the time.
- Please note that as a consequence of the Partnership's general partner (IRUK GP) also entering an insolvency process, the Partnership automatically terminated in accordance with terms of the Partnership Deed. As a result, our work in the Administration represents the actions that are necessary for the winding-up of the business and affairs of the Partnership.

## Matters Relating to the Administration Process

**The basis of our remuneration and the timing of our discharge from liability have been determined by the relevant classes of creditors in each case.**

### Administrators' Remuneration

- Our fees for acting as joint administrators of IRUK LP as set out in the Proposals, will be based on the time we and our staff spend on the case at the charge out rates shown in Appendix C (a time cost basis). For IRUK N1, IRUK N2 and IRUK GP, and as set out in the Proposals, the basis of our remuneration is a set amount (a fixed fee basis).
- During the period, we sought the consent of relevant creditors to the basis and quantum of our remuneration and expenses. The relevant approvals were received as follows:
  - Secured creditor approval to a fixed fee in IRUK N1 (£5k), IRUK N2 (£5k) and IRUK GP (£40k) dated 30 March 2022.
  - A decision by correspondence of all creditors was held in relation to our remuneration in the LP, with a decision date of 12 April 2022. Resolutions were passed approving both that (a) our remuneration could be drawn on a time cost basis (up to the amount of the fees estimate of £775,000 excluding VAT) and (b) that pre-Administration expenses totalling £55,203.40 (relating to unpaid legal costs) may be paid as an expense of the Administration.
- During the period and following receipt of the relevant approvals, remuneration totalling £382,301.50 was drawn in relation to IRUK LP. No amounts have been drawn in IRUK N1, IRUK N2 and IRUK GP.
- The pre-Administration costs totalling £54,716.90 were also paid during the period following the creditors' decision above, with payment made by IRUK LP.
- Further information in relation to our remuneration is set out in Appendix C.
- Fees relating to our advisory services provided to the Companies prior to the date of the Administration were covered by letters of engagement dated 26 June 2021. FTI had no unpaid costs at the date of our appointment.

### Next Report

- We are required to provide a further progress report to all creditors within one month of the anniversary of our Appointment Date, or when the Administrations come to an end, whichever is sooner.
- All documents made available online will be retained on our website and will remain available until two months after the conclusion of the proceedings. If you require hard copy documents, please contact the IRUK Administrators at FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD and you will be provided, free of charge, a hard copy of documents posted to the website, either now or in the future.
- If you have any specific queries in relation to this report or the Administration in general, please contact the Administrators at [IRUKLion@fticonsulting.com](mailto:IRUKLion@fticonsulting.com) or on 020 7269 9391.

### Discharge from Liability

- Pursuant to Paragraph 98 Sch B1, administrators are discharged from liability in respect of their actions as joint administrators at a time appointed by either the court or the creditors (either via any creditors' committee or by decision of the relevant class(es) of creditors).
- In this case and in accordance with Paragraph 98(3)(b) Sch B1, the relevant creditors have determined that we will be discharged from liability in respect of any action of ours as joint administrators of the Companies, with effect from the date that our appointment as administrators ceases to have effect.
- The relevant creditor approvals in relation to the joint administrators discharge from liability were received from the Secured Creditor on 30 March 2022 for IRUK NI, IRUK N2 and IRUK GP and by a decision by correspondence for all creditors of the LP on 11 April 2022.

## Matters Relating to the Administration Process

**The basis of our remuneration and the timing of our discharge from liability have been determined by the relevant classes of creditors in each case.**

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- During the period, we sought the consent of relevant creditors to the basis and quantum of our remuneration and expenses. The relevant approvals were received as follows:
  - Secured creditor approval to a fixed fee in IRUK N1 (£5k), IRUK N2 (£5k) and IRUK GP (£40k) dated 30 March 2022.
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- In this case and in accordance with Paragraph 98(3)(b) Sch B1, the relevant creditors have determined that we will be discharged from liability in respect of any action of ours as joint administrators of the Companies, with effect from the date that our appointment as administrators ceases to have effect.
- The relevant creditor approvals in relation to the joint administrators discharge from liability were received from the Secured Creditor on 30 March 2022 for IRUK NI, IRUK N2 and IRUK GP and by a decision by correspondence for all creditors of the LP on 11 April 2022.



# Appendices

## Appendix A: Statutory Information

Entity Information	InfraRed UK Lion Limited Partnership	InfraRed UK Lion Nominee 1 Limited	InfraRed UK Lion Nominee 2 Limited	InfraRed UK Lion GP Limited
Previous name:	N/A	N/A	N/A	N/A
Trading name:	N/A	N/A	N/A	N/A
Company (Partnership) number:	LP015850	08818236	08818235	08818231
Date of incorporation:	18 December 2013	17 December 2013	17 December 2013	17 December 2013
Trading address:	N/A	N/A	N/A	N/A
Current registered office:	FTI Consulting LLP 200 Aldersgate, Aldersgate Street, London, EC1A 4HD	FTI Consulting LLP 200 Aldersgate, Aldersgate Street, London, EC1A 4HD	FTI Consulting LLP 200 Aldersgate, Aldersgate Street, London, EC1A 4HD	FTI Consulting LLP 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
Former registered office:	Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL	Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL	Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL	Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL
Principal trading activity:	Acquiring, holding and at the appropriate time releasing investment in property.	64999 - Financial intermediation not elsewhere classified	64999 - Financial intermediation not elsewhere classified	64999 - Financial intermediation not elsewhere classified
Appointment Details:	Appointed by members of the Limited Partnership under Paragraph 22 of Schedule B1 (as modified by Paragraph 9 of Schedule 2 IPO1994)	Appointed by the directors under the provisions of Paragraph 14 of Schedule B1	Appointed by the directors under the provisions of Paragraph 14 of Schedule B1	Appointed by the directors under the provisions of Paragraph 14 of Schedule B1
Administrators:	Andrew James Johnson, Ali Abbas Khaki, Matthew Boyd Callaghan	Andrew James Johnson, Ali Abbas Khaki, Matthew Boyd Callaghan	Andrew James Johnson, Ali Abbas Khaki, Matthew Boyd Callaghan	Andrew James Johnson, Ali Abbas Khaki, Matthew Boyd Callaghan
Administrators' address:	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD
Date of appointment:	22 November 2021	22 November 2021	22 November 2021	23 November 2021
Court name and reference:	The High Court of Justice, Business and Property Courts of England and Wales, Insolvency List (ChD), ref: CR-2021-002168	The High Court of Justice, Business and Property Courts of England and Wales, Insolvency List (ChD), ref: CR-2021-002152	The High Court of Justice, Business and Property Courts of England and Wales, Insolvency List (ChD), ref: CR-2021-002150	The High Court of Justice, Business and Property Courts of England and Wales, Insolvency List (ChD), ref: CR-2021-002153

## Appendix A: Statutory Information

Entity Information	InfraRed UK Lion Limited Partnership	InfraRed UK Lion Nominee 1 Limited	InfraRed UK Lion Nominee 2 Limited	InfraRed UK Lion GP Limited
Actions of Administrators:	The Joint Administrators may exercise any of the powers conferred on them by the IA86 jointly or individually.	The Joint Administrators may exercise any of the powers conferred on them by the IA86 jointly or individually.	The Joint Administrators may exercise any of the powers conferred on them by the IA86 jointly or individually.	The Joint Administrators may exercise any of the powers conferred on them by the IA86 jointly or individually.
Officers (Members) of the Company (Partnership):	Infrared Lion UK GP Limited Infrared Lion Limited	Keith David Butcher David Christopher Hudson Timothy Geoffrey Thorp	Keith David Butcher David Christopher Hudson Timothy Geoffrey Thorp	Christopher Paul Gill David Christopher Hudson Andreas Katsaros Timothy Geoffrey Thorp
Company Secretary:	N/A	Emily Mendes	Emily Mendes	Emily Mendes
Shareholdings held by the directors and company secretary:	N/A	N/A	N/A	N/A
Share Capital:	N/A	Authorised: 1 ordinary share £1 each Allotted, called up and fully paid: 1 ordinary shares of £1 each	Authorised: 1 ordinary share £1 each Allotted, called up and fully paid: 1 ordinary shares of £1 each	Authorised: 100 ordinary shares £1 each Allotted, called up and fully paid: 100 ordinary shares of £1 each
Type of proceedings	COMI proceedings, since the Partnership's registered office and its trading address are in the United Kingdom, such that its centre of main interest is in the United Kingdom.	COMI proceedings, since the Company's registered office and its trading address are in the United Kingdom, such that its centre of main interest is in the United Kingdom.	COMI proceedings, since the Company's registered office and its trading address are in the United Kingdom, such that its centre of main interest is in the United Kingdom.	COMI proceedings, since the Company's registered office and its trading address are in the United Kingdom, such that its centre of main interest is in the United Kingdom.

## Appendix B : LP Receipts and Payments Account

The account below summarises the fixed charge receipts and payments for IRUK LP, for the period from 22 November 2021 to 21 May 2022.

		Statement of Affairs	22 November 2021 to 21 May 2022
		£	£
<b>Fixed Charge Receipts</b>			
Freehold Land & Property	1	34,200,000	1,100,000.00
Bank Interest			177.31
Cash at Bank (Fixed Charge)	2		1,645,269.48
Pre Admin Rental Income	3		729,584.53
Rental Income	4		1,454,081.09
Car Park Income	5		124,612.17
Unallocated Cash	6		87,162.68
<b>Subtotal</b>			<b>5,140,887.26</b>
<b>Fixed Charge Payments</b>			
Office Holders Fees (Fixed Charge)	7		229,380.90
Professional & Legal Fees (Fixed Charge)	8		113,457.01
Pre-Administration Legal Fees (Fixed Charge)			32,830.14
Insurance	9		280,475.19
VAT - Unrecoverable	10		7,382.74
Bank Charges (Fixed Charge)			14.90
Professional & Legal Fees (Planning)	11		220,116.77
Car Park Expenses	12		123,978.70
Secured Creditor Trading Funding	13		500,050.27
Secured Creditor Uncharged Funding	14		168,004.30
<b>Subtotal</b>			<b>(1,675,690.92)</b>
<b>Fixed Charge Surplus/Deficit</b>			<b>3,465,196.34</b>

### Notes

- Freehold Land & Property** – The total receipts received from the sale of a single Eastgate unit to a third party. The Statement of Affairs (estimated to realise) figure also includes the sale of Eastgate which has not yet completed.
- Cash at Bank (fixed charge)** – Funds recovered from HSBC accounts which are subject to the Lender's fixed charge security. No amounts from these accounts can be utilised without the agreement of the Secured Lender.
- Pre Admin Rent Income** – This is rental income received against applications for payment issued to tenants prior to the Administration, with payment made by the tenant following Administration.
- Rental Income** – Rental receipts from tenants for applications for payment raised after our appointment.
- Car Park Income** – Car park receipts from Eastgate.
- Unallocated Cash** – This is cash that has been received from tenants but yet not allocated against individual tenant accounts. This includes rent, service charge and other income.
- Office Holders Fees** – Approved remuneration drawn in the period and allocated against fixed charge receipts.
- Professional & Legal Fees** – Includes all fees relating to tenant leases and legal costs relating to the Administration (these exclude professional and legal fees associated with planning).
- Insurance** – The premium for putting insurance cover in place at Eastgate.
- Vat – Unrecoverable** – VAT payable in respect of pre-Administration invoices paid and consequently the VAT can not be recovered.
- Professional Fees (Planning)** - All fees relating the planning application
- Car Park Expenses** - The associated day to day running costs of the car<sub>23</sub> park.

## Appendix B : LP Receipts and Payments Account

The account below summarises the uncharged receipts and payments for IRUK LP, for the period from 22 November 2021 to 21 May 2022.

	Statement of Affairs £	22 November 2021 to 21 May 2022 £
<b>Uncharged Receipts</b>		
Secured Creditor Trading & Uncharged Funding		168,004.30
Book Debts	1	504.00
Cash at Bank	2 2,306	928,067.68
Insurance Refund	3	72,129.80
Other Sundry Debtors	567,609	-
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>4</b>	<b>(494,918.89)</b>
<b>Subtotal</b>		<b>673,786.89</b>
<b>Uncharged Payments</b>		
Funding Arrangement Fee		50,000.00
Office Holders Fees	5	152,920.60
Re-Direction of Mail	6	1,185.00
Statutory Advertising		368.00
Legal Fees		14,277.74
Pre-Administration Legal Fees		21,886.76
<b>Subtotal</b>		<b>(240,638.10)</b>
<b>Uncharged Surplus/Deficit</b>		<b>433,148.79</b>
<b>Net realisations</b>		<b>3,898,345.13</b>
<b>Represented By</b>		
Cash at Bank		3,906,227.51
Net VAT Position	8	(57,882.38)
Allocated Unsecured Dividend (Held in Cash at Bank)		50,000.00
<b>Subtotal</b>		<b>3,898,345.13</b>

### Notes

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



## Appendix B: LP Trading Account

The table below sets out trading receipts and payments to 21 May 2022 and should be viewed in conjunction with the fixed charge rental income to understand the current trading position of the Centre during the Administration.

	22 November 2021 to 21 May 2022	£
<b>Trading Receipts</b>		
Service Charge Income		582,781.81
Other Income		16,760.92
Secured Creditor Service Charge Contribution		500,050.27
<b>Total Receipts</b>		<b>1,099,593.00</b>
<b>Trading Payments</b>		
Bank Charges		102.01
Direct Labour	1	10,968.14
Direct Property Management Expense		79,890.16
Health and Safety	2	37,722.43
Indirect Labour	3	159,006.58
Insurance Expense		190.00
Marketing & Advertising Expense		65,940.15
Miscellaneous Expenditure		68,323.78
Payroll Taxes		6,845.29
Professional Fees	4	119,781.50
Ransom Creditors	5	106,163.75
Repairs & Maintenance	6	589,944.15
Security Expense	7	230,688.96
Service Charge Contribution	8	508,262.61
Suspense Account - Suppliers	9	(561,619.05)
Utilities	10	172,301.43
<b>Total Payments</b>		<b>1,594,511.89</b>
<b>Trading Surplus/(Deficit)</b>		<b>(494,918.89)</b>

### Notes

- All of the Companies' trading is done through IRUK LP and therefore no trading account has been produced for IRUK N1, IRUK N2 or IRUK GP. All rental income is subject to fixed charge security. Since our appointment, c.£2.3m has been collected, as shown earlier.
- Trading income consists of the following receipts:
  - **Service Charge Income** – Monies paid by tenants in respect of the Service Charge. Amounts received include amounts due 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 in relation to amounts due from the tenant for their proportion of different costs (e.g. insurance, electric, water) for Eastgate.
- Trading payments are set out below, in some instances and as detailed below these have been invoiced but to date remain unpaid (the unpaid amounts are the total of the Suspense Account- Suppliers:
  1. **Health & Safety** – costs incurred to ensure that the Centre reaches the necessary standards to comply with health and safety regulations.
  2. **Indirect Labour** – Centre staff who are employed by MK.
  3. **Professional Fees** – Professional fees incurred and specific to the day to day running of Eastgate e.g. MK's property manager fees.
  4. **Ransom Creditors** – payments to suppliers in respect of their unsecured claims in order to procure ongoing supplies.
  5. **Repairs & Maintenance** – ongoing repairs and maintenance to Eastgate. Typically this is work conducted as a consequence of general wear and tear to the building.
  6. **Security Expense** – costs of maintaining security at the site, including the use of on-site guards.
  7. **Service Charge Contribution** – funding required to meet the proportion of the Landlord costs due in respect of the Service Charge.
  8. **Suspense Account** – Supplier invoices raised and allocated as Trading Payments but not yet paid.
  9. **Utilities** - consists of electric and gas costs for communal areas at the Centre.

## Appendix B : GP, N1, N2 Receipts and Payments Account

The accounts below cover the relevant period in relation to IRUK GP, IRUK N1 and IRUK N2 only. As the main trading entity is IRUK LP, there are limited receipts and payments in the remaining entities.

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

	Statement of Affairs	23 November 2021 to 22 May 2022
	£	£
<b>Fixed Charge Receipts</b>		
Cash at Bank	304	273.85
<b>Subtotal</b>		<b>273.85</b>
<b>Fixed Charge Payments</b>		
Fixed Charge Bank Charges		12.53
<b>Subtotal</b>		<b>(12.53)</b>
<b>Fixed Charge Surplus/Deficit</b>		<b>261.32</b>
<b>Net realisations</b>		
<b>Subtotal</b>		<b>261.32</b>
<b>Distributions</b>		
Members	(100)	NIL
Unsecured Creditors	(287)	
<b>Subtotal</b>		
<b>Represented By</b>		
Cash at Bank		261.32
<b>Subtotal</b>		<b>261.32</b>

### IRUK N1 - Administrators' Account of Receipts And Payments

	Statement of Affairs	22 November 2021 to 21 May 2022
	£	£
<b>Distributions</b>		
Ordinary Shareholders	1.00	-
<b>Subtotal</b>		-
<b>Represented By</b>		
Cash at Bank		-
<b>Subtotal</b>		-

### IRUK N2 - Administrators' Account of Receipts And Payments

	Statement of Affairs	22 November 2021 to 21 May 2022
	£	£
<b>Distributions</b>		
Ordinary Shareholders	1.00	-
<b>Subtotal</b>		-
<b>Represented By</b>		
Cash at Bank		-
<b>Subtotal</b>		-

## Appendix C: Remuneration Update

**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.**

### Insolvency Legislation

- Insolvency law allows fees to be calculated in the three ways set out below. Different bases (or a combination of them) can be used for different parts of the work.
  - As a percentage of the value of the property realised and/or distributed (often referred to as a “percentage basis”).
  - By reference to the time properly given by the office-holders and their staff in attending to the matters arising (“time cost basis”); or
  - A set amount (a fixed fee).
- The office-holders must seek approval to the proposed basis (or combination of bases) and provide sufficient supporting information in order for the fee approving body to decide whether it represents the most appropriate mechanism in the circumstances of the case. This information must include details of the expenses the office-holders consider will be (or are likely to be) incurred and the work the office-holders propose to undertake.
- Insolvency law says that in determining the basis of remuneration, regard must be had to the following:
  - The complexity (or otherwise) of the case;
  - Any exceptional responsibility falling on the office-holders;
  - The effectiveness with which the office-holders are carrying out, or have carried out, their duties; and
  - The value and nature of the property with which the office-holders have to deal.
- If any part of the remuneration is intended to be taken on a time cost basis, the office-holders must also provide a fees estimate to all creditors, containing:
  - the hourly charge-out rate(s) proposed for each part of that work;
  - the time the office-holders anticipate each part of that work will take; and
  - whether (and if so, why) the office-holders anticipate that it will be necessary to seek further approval to exceed the fee estimate.

### Approved Basis of Fees

- As confirmed earlier, the relevant classes of creditors have approved the basis of our remuneration for each of the Companies.
- In the remainder of this Appendix, we have provided the following information that specifically relates to our remuneration for acting as joint administrators:
  - A description of the work we have already done, work that is ongoing and that we propose to undertake;
  - Details of the expenses that have been, or that we think are likely to be; incurred in the Administrations; and
  - In relation to IRUK LP (where a time cost basis applies), a reminder of the approved fees estimate and a comparison against the costs incurred in the first six-months of the Administration.

### Pre-Administration Costs

- Details of the pre-Administration costs were set out in our Proposals, including the scope of work undertaken prior to the Administrations, why this work was required prior to the appointment and how the work was intended to further the objective of the Administrations.
- The only unpaid pre-Administration costs related to legal expenses totalling £54,716.90 (estimated at £55,203.40 in our Proposals).
- As reported earlier, a creditors’ decision on 12 April 2022 approved that these costs could be paid as an expense of the Administration of the LP.
- As shown in Appendix B, these costs have been settled in the sum of £54,716.90, with the consent of relevant creditors.

## Appendix C: Remuneration Update

**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 relevant factors.**

### Staff Allocation

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

### Time Charging Policy and Hourly Rates (IRUK LP only)

- All of our staff who work on the case charge time directly to it and are included in any analysis of time charged. Time is charged in six minute units. We don't charge general overhead costs.
- The Administration will also utilise the services of specialist teams within FTI Consulting LLP, principally in relation to VAT and tax matters and the costs of which are included within our fees estimate.
- We consider that the rates chargeable for these services are in line with general market practice and that the service is at least comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and efficient approach to the Administration workstreams is possible.

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

Grade of Staff	2021 (£/hour)	2022 (£/hour)
Senior Managing Director	647.50	672.00
Managing Director	556.50	577.50
Senior Director	518.00	539.00
Director	462.00	479.50
Senior Consultant	409.50	427.00
Consultant	350.00	364.00
Associate	164.50	171.50

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

## Appendix C: Remuneration Update

**In relation to IRUK LP, the approved fees estimate for work performed as joint administrators is £775k. As at 21 May 2022, our time costs totalled £479,899.45.**

### Fees Estimate (IRUK LP only)

- Earlier in this report, we provided details of key areas of work we have performed (and expect to undertake) in the Administration of IRUK LP. Further information is included in this Appendix.
- The approved fees estimate represents the anticipated costs for acting as joint administrators of IRUK LP for the first twelve months of the Administration. The table below shows the costs incurred in the period (by category of work) in comparison to the fees estimate, although the estimates for individual categories of work have changed the total fee estimate for the first twelve months remains the same. For the reasons explained earlier, we expect the Administration to exceed the duration of 12 months, therefore it will be necessary to seek (in due course) further approval to draw remuneration in excess of the fees estimate.
- In arriving at the initial fees estimate, a number of assumptions were necessary. These are set out again below:
  - A Liquidation is not expected to follow the Administration but if required, we may propose that we are appointed as Joint Liquidators. In circumstances where this is required, we will revert to creditors with the anticipated additional costs of a Liquidation.
  - These estimates are based on our current knowledge of the case and our experience with cases of a similar size and complexity.
  - Estimates do not take into account any currently unknown complexities or difficulties that may arise during the administration of the case. If the time costs incurred on the case exceed the estimate, or are likely to exceed the estimate, we will provide an explanation as to why that is the case either in our next progress report or in separate correspondence with creditors.
  - Time costs are recorded against (and expected to be paid from) the estate of IRUK LP.
- To 21 May 2022, a total of 1,257.40 hours have been spent working on the Administration of IRUK LP at an average charge-out rate of £381.66, giving a total time cost of £479,899.45. The total estimate for Investigations has been reallocated to Administration and Planning as well as Creditors due to unforeseen time spent on lending reporting. An analysis of the time spent by category of work and grade of staff is provided on the next page.

	Incurred to date			To be Incurred			Total Estimate		
	Avg £/Hr	Hr	£	Avg £/Hr	Hr	£	Avg £/Hr	Hr	£
Administration and Planning	352	217	76,359	340	62	20,915	535	175	93,637
Investigations	340	74	25,226	0	0	0	252	100	25,226
Realisation of assets	462	122	56,263	290	358	103,738	333	480	160,000
Trading	373	576	214,755	692	174	120,245	447	750	335,000
Creditors	508	87	44,219	673	38	25,555	529	125	66,137
Tax	504	43	21,581	235	57	13,419	350	100	35,000
Reporting	300	139	41,498	301	62	18,502	300	200	60,000
<b>Administrators' fee estimate</b>	<b>382</b>	<b>1,257</b>	<b>479,899</b>	<b>403</b>	<b>750</b>	<b>302,375</b>	<b>402</b>	<b>1,930</b>	<b>775,000</b>
<b>Total estimate inclusive of VAT</b>									<b>930,000</b>

# APPENDICES

## Infrared UK Lion Limited Partnership - Analysis of Time Costs In Accordance with SIP9 for the period 21 November 2021 to 21 May 2022

Task		Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate/Employee	Total Time	Total Cost
<b>Administration and Planning</b>							
Strategy and planning	A1	3.0	70.5	3.0	12.0	88.5	41,133.7
Initial actions	A2	1.5	9.8	-	38.1	49.4	12,696.6
Appointment and related formalities	A3	1.5	5.4	-	28.9	35.8	8,792.0
Receipts and payments accounts	A4	-	7.2	-	4.0	11.2	4,546.5
Checklist and reviews	A5	-	3.1	-	0.6	3.7	1,876.4
Cashiering and reconciliations	A6	-	2.9	-	22.0	24.9	5,385.5
Bonding and IPS maintenance	A7	-	0.4	1.0	-	1.4	633.7
<b>Subtotal</b>		<b>6.0</b>	<b>99.3</b>	<b>4.0</b>	<b>105.6</b>	<b>214.9</b>	<b>75,064.3</b>
<b>Investigations</b>							
Correspondence with directors	B1	-	1.0	-	-	1.0	567.0
Directors questionnaire/checklists	B2	-	2.2	-	5.0	7.2	2,115.4
Statement of affairs	B3	-	13.5	-	6.3	19.8	8,679.3
Reports of Directors' conduct	B4	-	16.7	-	28.3	45.0	13,196.4
Books and records	B5	-	0.5	-	-	0.5	278.3
Electronic records	B6	-	0.7	-	-	0.7	389.6
<b>Subtotal</b>		<b>-</b>	<b>34.6</b>	<b>-</b>	<b>39.6</b>	<b>74.2</b>	<b>25,225.9</b>
<b>Realisation of assets</b>							
Cash and investments	C1	-	6.8	-	18.7	25.5	7,022.8
Sale of business	C2	-	59.5	-	-	59.5	34,327.7
Property, plant and vehicles	C6	-	14.4	-	13.7	28.1	10,564.8
Other assets	C7	-	2.5	-	0.4	2.9	1,459.9
Health & Safety/Insurance	C8	-	0.8	-	-	0.8	451.5
Legal issues/litigation	C9	-	0.5	-	-	0.5	278.3
Fixed Charge Property	C10	-	4.5	-	-	4.5	2,157.8
<b>Subtotal</b>		<b>0.0</b>	<b>89.0</b>	<b>0.0</b>	<b>32.8</b>	<b>121.8</b>	<b>56,262.5</b>
<b>Trading</b>							
Initial control of operations	D1	1.2	3.2	-	0.5	4.9	2,640.1
Ongoing trading / monitoring	D2	-	246.6	20.0	250.0	516.6	183,068.0
Employees - Payroll	D4	-	32.5	-	2.5	35.0	18,945.5
Employees - HR Issues	D5	-	16.8	-	2.9	19.7	10,101.4
<b>Subtotal</b>		<b>1.2</b>	<b>299.1</b>	<b>20.0</b>	<b>255.9</b>	<b>576.2</b>	<b>214,754.9</b>
<b>Creditors (correspondence and claims)</b>							
Unsecured creditors	E1	-	6.4	-	11.2	17.6	5,023.2
Secured creditors	E2	18.0	46.4	2.0	2.5	68.9	39,113.2
Lease creditors	E7	-	-	-	0.5	0.5	82.3
<b>Subtotal</b>		<b>18.0</b>	<b>52.8</b>	<b>2.0</b>	<b>14.2</b>	<b>87.0</b>	<b>44,218.7</b>
<b>Tax</b>							
Initial reviews CT and VAT	F1	-	0.5	-	-	0.5	288.8
Pre-appointment VAT	F3	-	0.9	-	-	0.9	500.9
Post appointment CT	F4	-	0.4	-	-	0.4	226.8
Post appointment VAT	F5	-	6.5	4.0	-	10.5	5,159.4
Tax advice on transactions	F6	1.5	3.0	-	0.7	5.2	2,834.7
Other post appointment tax	F7	-	25.2	-	0.1	25.3	12,570.3
<b>Subtotal</b>		<b>1.5</b>	<b>36.5</b>	<b>4.0</b>	<b>0.8</b>	<b>42.8</b>	<b>21,580.7</b>
<b>Reporting</b>							
Proposals	G2	1.0	40.2	-	82.6	123.8	35,842.8
Other statutory reports/meetings	G3	0.5	6.8	-	4.7	12.0	4,731.3
Secured creditor reports	G4	-	-	3.0	-	3.0	1,227.0
Secured creditor calls	G5	0.5	1.2	-	-	1.7	991.6
<b>Subtotal</b>		<b>2.0</b>	<b>48.2</b>	<b>3.0</b>	<b>87.3</b>	<b>140.5</b>	<b>42,792.7</b>
<b>Total Time by Grade</b>		<b>28.7</b>	<b>659.5</b>	<b>33.0</b>	<b>536.2</b>	<b>1,257.4</b>	
<b>Total Cost by Grade</b>		<b>18,828.3</b>	<b>356,705.3</b>	<b>13,641.0</b>	<b>90,724.9</b>	<b>479,899.5</b>	
<b>Average by Grade</b>		<b>656.0</b>	<b>540.9</b>	<b>413.4</b>	<b>169.2</b>	<b>381.7</b>	

## Appendix C: Remuneration Update

The table below provides additional narrative on the work we expect to perform in the Administrations.

- The main body of our report includes an explanation of the main areas of our work in the Administrations. The table below categorises this work, provides additional narrative and indicates whether the work is ongoing (O), completed (C) or intended future work (F).
- Where work is specific to an individual entity this has been highlighted. We have also indicated in the table below the rationale for undertaking the work, for example whether it is required by statute or compliance with the Statements of Insolvency Practice, or whether there is a potential direct benefit for creditors.

Category	Description	Rationale/Benefit to Creditors
Administration & Planning	<ul style="list-style-type: none"> <li>• Case planning - devising appropriate strategies for all entities and dealing with the case generally, including instructions to staff when working on the cases (O).</li> <li>• Issuing the statutory notifications to creditors and others required on appointments as office holders, including gazetting the office holders' appointments (C).</li> <li>• Routine administrative tasks, such as setting up case files, dealing with routine correspondence (O).</li> <li>• Obtaining specific penalty bonds (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate) (C). Review of this bond and whether it is sufficient on a quarterly basis (F).</li> <li>• Cashiering – including opening, maintaining and managing the office holders' estate bank accounts, processing of receipts and payments and bank reconciliations (O).</li> <li>• Undertaking periodic reviews of the progress of the cases, including six-month progress reports to creditors (F).</li> </ul>	Statutory / compliance requirement and to ensure efficient project management (and control of costs)
Investigations	<ul style="list-style-type: none"> <li>• Recovering and reviewing the books and records for the Companies (C).</li> <li>• Submitting online returns on the conduct of the directors/ members for each of the four entities as required by the Company Directors Disqualification Act 1986 (C).</li> <li>• Conducting initial investigations with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc. (C).</li> <li>• Liaising with the Companies Directors/ Members in relation to the completion of the Statement of Affairs (C).</li> <li>• Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors (C).</li> </ul>	<p>Statutory / compliance requirement.</p> <p>Where potential asset recoveries are identified this may be to the benefit of creditors.</p>

## Appendix C: Remuneration Update

Realisation of Assets	<p>All assets are held by IRUK LP, this section is therefore specific to this entity.</p> <ul style="list-style-type: none"> <li>• Arranging suitable insurance over assets (O).</li> <li>• Regularly monitoring the suitability and appropriateness of the insurance cover in place (O).</li> <li>• Monitoring the Property Development planning appeals and engaging advisors as appropriate (O).</li> <li>• Following pitches from a selection of sales advisors, engaging appropriate Sales Agent to value, provide strategic advice and ultimately market the Centre (O).</li> <li>• Regularly review sales strategy and anticipated returns (O).</li> <li>• Completing a sale process of the Centre (F).</li> <li>• Liaising with the Companies bankers regarding pre-appointment accounts, and arranging for transfers of funds, and closure of the accounts (C).</li> </ul>	Identify, assess and seek to realise potential value for creditors
Tenants	<p>All assets (including rental income from tenants) are held by IRUK LP, this section is therefore specific to this entity.</p> <ul style="list-style-type: none"> <li>• Administration of ongoing leases, and renewal where required (O).</li> <li>• Dealing with tenant enquiries and concerns regarding ongoing trading (O).</li> <li>• Liaising with tenants regarding historic rental and service charge arrears and Covid concessions (O).</li> </ul>	Identify, assess and seek to realise potential value for the ongoing trading of the Centre
Creditors	<ul style="list-style-type: none"> <li>• Dealing with creditor correspondence, emails and telephone conversations regarding their claims (O).</li> <li>• Maintaining up to date creditor information on our case management system (O).</li> <li>• For IRUK LP only, reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend (F).</li> <li>• Calculating and making distributions to both the Companies' secured and unsecured creditors (F).</li> </ul>	Statutory requirements and required for orderly case management
Tax	<ul style="list-style-type: none"> <li>• Preparing and filing VAT returns on a quarterly basis - IRUK GP and IRUK LP are the VAT group members (O).</li> <li>• Resolving issues arising in dialogue with HMRC in relation to the Companies VAT Group registration (O).</li> <li>• Preparing and filing Corporation Tax returns for both the pre-administration and post-administration periods for relevant entities (O).</li> <li>• Seeking clearance to conclude the administrations from HMRC and other relevant parties (F).</li> </ul>	Statutory requirements and assist in maximising recoveries for creditors
Reporting	<ul style="list-style-type: none"> <li>• Preparing, reviewing and issuing our Proposals to the creditors and members (C).</li> <li>• Filing the Proposals at Companies House and (for IRUK LP) the Court (C).</li> <li>• Reporting on the outcome of the approval of the Proposals to the creditors, Companies House and the Court (C).</li> <li>• Reporting to the Lender on the progress of the Administration (O).</li> <li>• Preparing, reviewing and issuing six-monthly (and final) progress reports to creditors (F).</li> <li>• Filing progress reports at Companies House (F).</li> </ul>	Required by statute and to inform creditors
Technology	<ul style="list-style-type: none"> <li>• Ensure ongoing registration with the Information Commissioners Office to ensure GDPR compliance (C).</li> </ul>	Compliance/legal requirement



## Appendix C: Remuneration Update

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

### 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. The types of disbursements categorised as Category 2 expenses typically include mileage, in-house printing and electronic data storage.

### Professional Advisors and Subcontractors

- 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 the nature of this assignment.
- We also considered that the basis on which they will charge their fees is appropriate in the circumstances. Other than the legal advice and 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, combined with the providers having more relevant specialist experience.

- The following professional advisors and subcontractors have been engaged.

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

## Appendix C: Remuneration Update

### Expenses Estimates

- The tables opposite show our expenses incurred to date as well as future estimates for expenses likely to be incurred during the course of the Administrations.
- We do not anticipate incurring any Category 2 expenses and therefore we will not need to seek approval to the basis upon which these may be charged to the estate. If this changes, we will write to creditors at the appropriate time to seek the necessary approval.
- Pre-Administration costs totalling £54,716.90 have not been included, however these have been approved by the creditors of IRUK LP and have been paid from funds in the Administration estate.
- Except for our remuneration and pre-Administration costs where approval has been sought, there is no requirement for us to seek approval to any of these expenses and the estimates provided do not represent a cap on the amount that can be paid.
- We are satisfied that the amounts expected to be incurred are reasonable in the circumstances of the case and are consistent with the monthly running costs incurred by the Companies in the lead up to the Administrations. We are unable to accurately predict the total cost as there are significant uncertainties to the likely length of the Administration.
- No Category 2 expenses have been paid as at 21 May 2022. Those category 1 expenses that have been paid have been included in the receipts and payments accounts provided at Appendix B to this report.
- All the trading expenses are within the estimate previously provided with the Proposals with the exception of the professional fees. Professional fees have exceeded the previous estimate not including legal fees incurred in contractual negotiations over tenant leases.
- All of the non-trading expenses are within the previously reported estimates except Bonding.

### Trading Expenses

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

Expense Type	Proposals Estimate	Total incurred to date	Revised Estimate	Comment
Service Charge expenditure	£1,742,400 (£290,400 per month)	£1,008,312.88	N/A	Includes all PPM, including the fees due to the Property Manager
Non-Service Charge expenditure	£660,000 (£110,000 per month)	£100,418.52	N/A	Includes capital expenditure beyond the scope of PPM.
Professional Fees	£270,000 (£45,000 per month)	£347,851.52	£60,000 per month	Fees relating to planning (including legal and architects fees) and tenant leases.
Employee costs	£30,000 (£5000 per month)	£15,670.02	N/A	Includes fees relating to the employment of a director in BTCM

### Non-trading Expenses

Expense Type	Incurred to Date	Future to be incurred	Total Estimate	
			Proposals	Revised
Sales Agents Fees (estimated 1% of Eastgate realisations)	£0	£340,000	£340,000	N/A
Bonding	£225	£0	£180	£225
Gazetting	£368	£74	£442	N/A
Legal fees	38,694	£93,306	£132,000	N/A
Postage and stationery	£0	£500	£500	N/A
Travel and subsistence expenses	£21	£479	£500	N/A
<b>Total</b>	<b>£39,308</b>	<b>£434,359</b>	<b>£473,622</b>	<b>£225</b>

## Appendix D: An Introduction to Insolvency

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

### What is an insolvency process?

There are several types of insolvency process, but all are intended to achieve the same basic objective: to realise assets that a 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 required 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 a company.

Work done on realising the assets has a direct financial benefit for creditors.

### Managing the Partnership's Affairs

Until such time as a 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 a 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, any 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 those affected parties and keep them updated.

A company's affairs and conduct of its directors must also be investigated to see whether any asset recovery (or other) actions need to be taken.

Whilst this work does not have any direct financial benefit for creditors, the purpose of insolvency law is to protect the interests of creditors.

Regular internal case reviews ensure the process progresses cost effectively and on a timely basis.

## Appendix E: Legal Notices

**Creditors should read these important notices regarding this report and the appointment of joint administrators.**

### Agents of the Entities

- The affairs, business and property of the Companies are being managed by the joint administrators, who act as agents of the Companies and without personal liability. The joint administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) of the Insolvency Act 1986.

### Information on Creditors' Rights

- Information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at [www.creditorinsolvencyguide.co.uk/](http://www.creditorinsolvencyguide.co.uk/).
- Details about how administrators' fees may be approved are provided in a 'Guide to Administrators Fees April 2021 England & Wales', which can be found online at: [www.fticonsulting.com/emea/cip/forms-and-information](http://www.fticonsulting.com/emea/cip/forms-and-information).

### Provision of Services Regulations

- To comply with the Provision of Services Regulations, some general information about FTI Consulting LLP, including about our complaints policy and Professional Indemnity Insurance, can be found online at: [www.fticonsulting.com/emea/cip](http://www.fticonsulting.com/emea/cip).

### Insolvency Code of Ethics

- Administrators are bound by the Insolvency Code of Ethics which can be found online at: [www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics](http://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics).
- In all cases and prior to accepting any appointment, administrators must review any significant relationships with a company and its stakeholders to assess whether they can meet the ethical standards expected of them.

### 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 [www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf](http://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf).

### About this report

- This report has been prepared by the joint administrators solely to comply with their statutory duties under insolvency law and regulation. 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 Companies.
- Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act 1986 and 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.



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