

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 November 2022 to 21 May 2023
InfraRed UK Lion Nominee 1 Limited	08818236	22 November 2021	22 November 2022 to 21 May 2023
Infrared UK Lion Nominee 2 Limited	08818235	22 November 2021	22 November 2022 to 21 May 2023
InfraRed UK Lion GP Limited	08818231	23 November 2021	23 November 2022 to 22 May 2023

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Glossary

Glossary

Commonly Used Terms	Definition
Administration(s)	The Administration of the Company / Companies
Act / IA86	Insolvency Act 1986 (as amended)
APA / SPA	Asset Purchase Agreement
BEIS	Department for Business, Energy and Industrial Strategy
c.	Approximately
CDDA	Company Directors Disqualification Act 1986
CT	Corporation Tax
CVL	Creditor's Voluntary Liquidation
FTI / FTI UK	FTI Consulting LLP
HMRC	HM Revenue & Customs
ICAEW	Institute of Chartered Accountants in England & Wales
IR16 / the Rules	Insolvency (England and Wales) Rules 2016 (as amended)
NDA	Non-Disclosure Agreement
Preferential creditors	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.
Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86
RPS	Redundancy Payments Service
Schedule / Sch B1	Schedule B1 IA86
SIP	Statement of Insolvency Practice
SIP 2	Investigations by office holders in administration and insolvent liquidations
SIP 7	Presentation of financial information in insolvency proceedings
SIP 9	Payments to insolvency office holders and their associates from an estate
Unsecured creditors	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.
VAT	Value Added Tax

Case Specific References	Meaning
Appointment date	22 November 2021 (23 November 2021 for IRUK GP)
Administrators / Joint Administrators / we / our / us	Andrew James Johnson, Ali Abbas Khaki and Matthew Boyd Callaghan
IRCP / InfraRed/ ARA	ARA Europe (Formerly InfraRed Capital Partners Limited)
IRUK N1	InfraRed UK Lion Nominee 1 Limited
IRUK N2	InfraRed UK Lion Nominee 2 Limited
IRUK GP	InfraRed UK Lion GP Limited
IRUK LP / the Partnership / the LP	InfraRed UK Lion Limited Partnership
the Companies / the Group / the Entities	IRUK LP, IRUK GP, IRUK N1 and IRUK N2 collectively
Eastgate / the Centre	Eastgate Shopping Centre, Basildon
The Period	22 November 2022 to 21 May 2023 23 November 2022 to 22 May 2023 for IRUK GP
The Proposals	The Joint Administrators' Statement of Proposals dated 13 January 2022
PPM	Planned Preventative Maintenance
Preferential creditors	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.
Property Managers / MK	Munroe K
SC / Asset Managers	Sovereign Centros
Secured Debt	c.£55,610,178.44 term loan provided by the Secured Lender
Secured Creditor / Lender	Creditors with security in respect of their debt in accordance with Section 148 IA86. In this case, the Secured Creditor is Bayerische Landesbank.
Shareholder / IRCP	InfraRed Capital Partners Limited, the ultimate shareholder of the Companies
The Purchaser / Buyer	The unconnected third party purchaser of the Centre



Purpose of this report

Purpose of this report

- Andrew Johnson, Ali Khaki and Matthew Callaghan were appointed as joint administrators of the Companies on 22 (IRUK LP, IRUK N1 and IRUK N2) and 23 November 2021 (IRUK GP), as noted earlier.
- Pursuant to Rule 18.6 IR16, we are required to provide creditors with a periodic reports setting out the progress of the Administrations. This report covers the period from 22 November 2022 to 21 May 2023 (and 23 November 2022 to 22 May 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.
- Background information on the Companies and events leading up to the Administrations can be found in our Proposals, which continue to be available online (see How to Contact Us).
- If you are unfamiliar with insolvency, we have included as an appendix a brief overview that you may wish to read before continuing to read this report.
- Certain legal notices regarding this report, our appointments and creditors' rights are also included as an appendix.
- For the reasons explained in this report, we are in the process of applying to Court to extend the period of the Administrations by 18 months. Should any creditors object to the extension, please contact us within the next 14 days using the contact details provided.
- 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

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: _____

Andrew James Johnson

Joint Administrator
Acting as agent and without personal liability

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Companies and without personal liability. The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) IA86. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.



Progress of the Administrations

Recap on the Administrations

During the first year of the Administrations, the Eastgate shopping centre continued to trade whilst a strategy for its sale could be developed and implemented.

Background to the Administrations

- In our Proposals, we provided the 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 our Proposals.

Strategy to Achieve the Purpose of the Administrations

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

Progress in the Previous Period

- Our previous two reports have explained the progress made during the first year of the Administrations. As above, these details are not repeated here for the purposes of this report unless considered beneficial or necessary to do so. Therefore, creditors may also wish to read this report in conjunction with our previous reports. Events specifically relating to realising the Companies' assets during the first year are summarised below:
 - Savills produced a detailed strategy review, which included a lengthy marketing process. A preferred purchaser was identified in mid-November 2022.
 - Our specialist agents supported the collection of Covid-19 rent arrears and the process for the re-letting of units, the latter of which would assist in maximising realisations from any sale of Eastgate.
 - The shopping centre continued to trade and we provided an overview of trading activity in our progress reports, together with the associated receipts and payments in the Administrations.
 - We continued to engage with a third-party individual (Colin Flinn) to act as the Companies' representative on the BTCM board. BTCM owns and operates both town centre car parks and the market in Basildon.

~100 lettable units

Located at the Eastgate Centre

The Eastgate Centre consists of over 100 lettable units. However, given current market conditions, a number of these 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.

Successful sale

In March 2023

We confirm in this report that Savills implemented their strategy for the sale of Eastgate, with a sale completing on 6 March 2023.

Realising the Assets: Eastgate Shopping Centre

During the Period we continued to work closely with MK (Property Managers), SC (Asset Managers) and Savills to manage and sell the Centre. Following an extensive sale process, a buyer was found and it was sold for £19.25m.

Sale Strategy

- Our previous reports explained the appointment of Savills to act as sales agent and details of the sales and marketing strategy.
- At the time of our last report, the marketing process had concluded and Heads of Terms had been agreed with a preferred purchaser who was then performing due diligence ahead of the exchange of contracts.
- The timing of completion was uncertain and to avoid prejudicing ongoing negotiations, we were unable to disclose the value of the offer.
- The Centre continued to trade as normal whilst negotiations for the sale were progressed.

Sale of Eastgate

- We are pleased to report that the sale process concluded during the Period with the successful sale of the property on 7 March 2023. Consideration for the sale was agreed at £19.25m.
- The sale proceeds are shown in the enclosed Receipts and Payments Account at Appendix B. Also shown are various costs associated with the sale, principally legal and agents fees, that were discharged from the sale proceeds.
- The sale of the Shopping Centre was not subject to VAT as a consequence of it being a Transfer of a Going Concern (“TOGC”).
- The Centre (and therefore the sale proceeds) were subject to fixed charge security. Shortly after the sale completed, a distribution of £18.8m was made to the Secured Lender on 8 March 2023.

Land Registry

- Following the sale, an application was submitted to the Land Registry to transfer the title to the Purchaser. Due to delays at the Land Registry, it is anticipated that this transfer could take up to two years. This is the principal reason why the period of the Administrations needs to be extended for an 18-month period.

Re-letting Units and Collection of Covid-19 Arrears

- In the period leading up to the sale, we continued to work closely with SC on lease renewals, rent reviews and new lettings. Savills were also involved in prospective new letting discussions, to assist in maximising realisations upon any sale.
- We have been in regular dialogue with SC and MK to reach agreements with tenants on the recovery of rent and service charge arrears due for the period during which the Government enforced rent moratorium (which ended on 23 September 2022) (“the Moratorium”) was in place.
- As at 21 May 2023, some c.£116k had been recovered for the period in which the Moratorium was in place. This includes c.£46k that was recovered during the Period covered by this report.
- We believe all potential receipts from these arrears have now been recovered and following the sale transaction, we expect any further collection of arrears to be minimal although the Buyer remains obligated on behalf of the seller to continue to seek recovery of arrears and pay over any amounts recovered for a limited period after the sale. The Buyer has to transfer back any arrears outstanding at the end of the agreed period or purchase them for an agreed percentage of the balance of the arrears outstanding.
- Following completion of the sale, we have no further responsibility for lease renewals, rent reviews or new lettings. However, we continue to liaise with MK with regard to rental and service charge income due for the period prior to the sale.

Trading Overview

Eastgate continued to trade as normal up to the date of the sale, with the Property Managers collecting rent and service charges and making payments in line with budgets provided to the Joint Administrators.

Rent Account

- As set out in our Proposals, rent collections in IRUK LP are subject to the fixed charge held by the Secured Creditor.
- Rental receipts allocated since the appointments total c.£4.25m, comprising both monthly and quarterly income. This includes c£0.9m for the Period, with the reduction (compared to previous periods) reflecting the sale of the Centre midway through the Period.
- Additionally, £1.3m of pre-Administration rent arrears have been recovered, including £0.2m received in the Period.
- Overall rental collections up to the date of the transaction remained ahead of expectations, leading to higher realisations and cash balances when compared to our initial forecasts (with input from both the Property and Asset Managers).
- Since the sale of the property, we have continued to recover rent relating to the pre-transaction period, with c.£0.08m of further rent receipts having been recovered.

Service Charge Account

- The service charge ("S/C") account was maintained by MK on behalf of IRUK LP.
- Service charge receipts from tenants since appointment total £1.3m, some c.£350k of which was received during the Period.
- Where a unit is vacant, payment of the service charge for that unit is due from the Landlord. Consequently, during the Administrations the Secured Creditor has made payments on behalf of the Landlord by way of a non-recourse loan for service charge costs at unoccupied units, c.£0.6m of which was received during the Period.
- Service charge payments since the appointments total c.£4.3m (of which £1.5m relates to the Period), consisting of all the associated costs of running the services for the communal areas at Eastgate, including security, utilities and cleaning.

Car Park Income

- Similar to rental collections, car park income is subject to a fixed charge held by the Secured Creditor. As a consequence, all car park expenses have been categorised as a fixed charge expense.
- Car park income received during the Administrations totals £335k and related expenses are £435k; including income and expenses of £82k and £123k for the Period respectively.
- This represents an overall loss of c.£100k, which is a consequence of lower revenue due to reduced occupancy and footfall, as well as increased costs. As the car park is fundamental to the operation of the Centre, the loss was absorbed into the wider trading performance.
- As with rental collections, car park income is paid directly into the MK Collections Account, and swept fortnightly to our fixed charge bank account, with the VAT element swept to our Operating Account.

Day-to-Day Trading

- Our day-to-day control and supervision of trading at the Centre ceased immediately following the sale to the purchaser.
- During the Period (and prior to the sale), we 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 dealt 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 up to the date of the transaction. MK has continued to provide these services to the purchaser.
- 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 system after careful review for accuracy.

Other Work Undertaken

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

Book debts

- We previously reported that some £0.5k had been recovered from former (pre-Administration) suppliers of the Centre, including in relation to negotiated settlements covering the Covid-19 period.
- No further receipts were expected as the other debts were considered uneconomical to pursue and therefore no work has been done on these in the Period. Similarly, we do not intend to continue pursuing these.

BTCM

- Colin Flinn continued to act on the board of BTCM before resigning following the transaction, and whilst in office he continued to represent the Companies' interests.
- During the Period, Mr Flinn assisted the purchaser with queries relating to BTCM that formed part of their overall diligence in pursuing the purchase of Eastgate.
- Whilst he remained as a director of BTCM, we continued to administer the payment for Mr Flinn's services, with the support of our specialist agents, ERA Solutions.

Funding Agreement

- Following our appointment, we entered into a Funding Agreement with the Secured Creditor. 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.
- Service charge funding was approved by the Secured Creditor. As part of the above, we provided information to the Secured Creditor to support the quantum of the drawdown requests and to set out expected revenues and costs in the following quarter. This has included two drawdown requests made during the period.
- Beyond the amount which the Secured Creditor has already approved and which continues to be utilised in meeting outstanding costs in the Administrations, we do not expect any further drawdown requests prior to the conclusion of the Administrations.

Tax & VAT

- The Group's corporation tax returns are up-to-date and in the Period work principally related to the preparation of the 2022/2023 returns.
- With the assistance of our internal tax specialists, VAT returns have continued to be prepared and submitted as they fall due. A VAT refund of £83k is currently awaited in respect of the March 2023 quarterly return.
- Future returns for both tax and VAT will continue to be prepared and submitted as required.

Insurance Refund

- The insurance policy was duly cancelled following the sale of the property to the purchaser. As a consequence, we have received confirmation that a refund of premiums is due for the pre-paid period after the date of the transaction, in the estimated amount of c£246k.
- We understand that the refund is being processed and will be received by IRUK LP in the near future.

Post Sale Matters

- Following the sale, we have continued to liaise closely with MK to ensure we receive rent and service charge income relating to the period prior to the sale.
- We have also been:
 - assisting MK in reconciling monies owed to/due from the Companies to the Purchaser; and
 - forwarding relevant information with regard to suppliers to MK and the Purchaser.
- We will continue to fulfil our obligations under the sale agreement and provide reasonable support to MK and the purchaser as required and where it continues to be in the interests of creditors.

Dealing with Creditors and other Stakeholders

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

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

Secured Creditor

- During the Period, we have liaised closely with the Secured Creditor, Bayerische Landesbank ("BLB"), including the provision of quarterly cashflow forecasts up to the date of the transaction.
- Written consent has been obtained from BLB prior to any funds and/or professional fees been drawn from the accounts, as per the Funding Agreement noted previously.
- Given BLB was the sole beneficiary of proceeds from the sale of the Eastgate property, they were provided with details in respect of offers received from the sales process. They confirmed their support in completing the sale with the purchaser and proceeds (after related costs) of £18.8m were distributed to BLB on 8 March 2023.
- A further distribution of £1.25m was made to BLB from the fixed charge account shortly following the end of the Period covered by this report. This amount is therefore not included in the enclosed Receipts and Payments Accounts.

Preferential Creditors

- Preferential creditors are defined by legislation, as summarised in the highlighted box opposite.
- No preferential claims are expected in any of the Companies and therefore no preferential dividends are anticipated.

Shareholders and Members

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

Unsecured Creditors

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

Preferential creditors

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

Fulfilling our Statutory Duties

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

Objective of the Administrations

- As set out in our Proposals, the statutory objective of the Administrations is to achieve a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up (without first being in Administration).
- We continue to believe the objective of the Administrations will be achieved by virtue of the ongoing trading of the shopping centre and its successful sale following an extensive marketing process.
- Except for IRUK LP, there are not expected to be any distributions to the Secured Creditor or any dividends to other creditor classes. We believe the objective of those three Administrations will be achieved by virtue of the better outcome for the Companies' Secured Creditor as a result of all of the Companies having entered into Administration to facilitate the trading and sale of the Centre.

Further Extension of the Administrations

- As you are aware, we have previously extended the Administrations with the consent of the relevant classes of creditors. As it stands currently, the Administrations are due to end on 21 November 2023.
- As set out earlier in this report, due to Land registry delays in registering property titles, we will shortly be making an application to Court to extend the Administrations for a period of 18 months.
- In circumstances where the extensions are granted, the position will be as follows:
 - The new date of expiry of the Administrations will be 21 May 2025;
 - The Administrations of all four entities will be extended as a consequence of the sale of the property and the delay in transferring title deeds;

- The Administrations of all four entities will 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 the owner of the beneficial interest in Eastgate; and
- Notices of extensions will be filed with Companies House and delivered to creditors via our website.
- It is currently unclear whether a subsequent extension from the Court may be required. However, this would be more likely if the Court grants a shorter extension than the one being sought.

Other statutory matters

- Our work in the Period has also included:
 - Managing the Administration bank accounts;
 - Ensuring books and records are maintained; and
 - Periodic case reviews, in part to ensure the case strategy continues to be appropriate and case progression is maintained.

Future reporting

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

Fulfilling our Statutory Duties

Following the sale of the Property, our work is focussed on resolving outstanding matters to facilitate a conclusion of the Administrations, which are anticipated to end with a notice moving the Companies to dissolution.

Exit route from Administrations

- In our Proposals we explained the manner in which we anticipated the Administrations would be brought to an end once 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), in order to bring the Administrations to an end and automatically move the Companies to subsequent dissolution.
- The timing of ending the Administrations will be determined by when the Land Registry title transfers have been processed, 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 appointments as joint administrators cease to have effect.

Joint Administrators' Remuneration

- We previously reported that an initial determination had been made by the relevant classes of creditors regarding the basis and quantum of our remuneration for acting as joint administrators. Approval was given as follows:

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

- In conjunction with issuing our previous report, we sought approval from the creditors of IRUK LP to draw fees in that Administration in excess of the above fees estimate. The creditors' decision procedure ended on 25 January 2023 with approval to draw remuneration up to £1.2m.
- For further details of that request, including an explanation of the additional work required in the Administration, please refer to the previous progress report or contact us using the details provided.
- In Appendix C, we provide further details of our remuneration, expenses and work done in the Period. We also explain that due to the necessity to seek a second extension to the Administrations, additional work will be required ahead of the conclusion of the Administrations. However, we do not expect to seek approval to draw any fees above the currently-approved fees estimate.



Estimated Outcomes for Creditors

Secured and Preferential Creditors

The Secured Creditor has the principal financial interest in the Administrations. A small dividend is expected to be paid to the unsecured creditors of IRUK LP in the next reporting period.

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; and
 - £1.25m after the Period covered by this report and consisting of pre-sale rental receipts.
- One or more further secured distributions to the Secured Creditor are also expected to be made during the Administration once final service charge and rent reconciliations have been agreed with the purchaser.
- 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 recover its lending in full from security entitlements, it will be able to participate in the dividend to unsecured creditors to the extent of this shortfall.

Utilisation of Uncharged Assets

- Opening cash balances that were not captured by the Secured Creditor’s security principally represent the service charge account balance, which in the ordinary course of business would have been 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 unsecured creditors had 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 proceeds from the sale and the resulting shortfall to the Secured Lender we expect the amount distributable to unsecured creditors (other than BLB) to be significantly below the ring-fenced amount.
- In order to pay a distribution from the IRUK LP Administration, we will require approval from the Court. We intend to make an application to Court in the next period for approval to pay a distribution.

Preferential Creditors

- As previously reported, 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 available to the unsecured creditors of IRUK LP. The Secured Creditor is expected to be the largest unsecured creditor, being the balance of its debt not recovered under security entitlements.

Dividend Prospects

- In an administration, dividends may become available for unsecured creditors from two sources:
 1. The statutory (ring-fenced) Prescribed Part fund; and/or
 2. The surplus remaining after any secured and preferential creditors have been repaid in full.
- The Prescribed Part applies to each of IRUK N1, IRUK N2 and IRUK GP as there is a floating charge created on or after 15 September 2003. However, a Prescribed Part dividend is not expected to be paid from any of these three entities as they have no known realisable assets. For the same reason, no other surplus is expected to be available for creditors of these companies.
- The Prescribed Part does not apply in relation to IRUK LP, as Section 176A IA86 does not apply to limited partnerships. However, a dividend is expected to become available for the unsecured creditors of IRUK LP from opening cash balances (after costs) that are not subject to the Lender's security.
- We 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 lender.
- We anticipate distributing this dividend in the next period, although it will be necessary to obtain consent of the Court to do so.

Creditor Claims

- In their Statement of Affairs, the directors' estimated that non-preferential unsecured claims against IRUK LP would be £450,654, excluding any amount due to BLB arising from a shortfall under their security entitlements.
- As at 21 May 2023, claims totalling £51,129 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 on the contact details provided earlier should you need any more information.

Shareholders





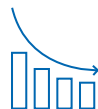
- There will be no return to any of the Companies' members as there will be a material shortfall to their creditors.



Key Matters Remaining

Work We Still Need To Do

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

Area	<p>Sale of Eastgate Centre</p> 	<p>Other assets</p> 	<p>Tax / VAT</p> 	<p>Distributions</p> 	<p>Winding-down</p> 
Work Required	<ul style="list-style-type: none"> Following the sale, the title transfer at the Land Registry is expected to take 12-18 months and is outside our control. An extension to the Administrations is therefore required. There remains seller obligations under the SPA as well as a need to close out positions in relation to S/C and rent receipts. 	<ul style="list-style-type: none"> We continue to work closely with MK to realise pre-sale rent and service charge income. Due to the sale completing part way through the year, we have received confirmation that an insurance refund will be recovered in the next period. 	<ul style="list-style-type: none"> Prepare and complete post-appointment tax and VAT returns as required. VAT de-registration once all income has been received. Following the sale of Eastgate in March 2023, two 'Section 198' elections are required and are currently being finalised before being submitted. 	<ul style="list-style-type: none"> Seeking Court approval to pay and unsecured distribution at LP Issue Notices of Intended Dividend to unsecured creditors; Adjudicating claims, including notifying creditors where claims are rejected in full part; Declaring and paying the dividend; and Payment of Secured Creditor distributions. 	<ul style="list-style-type: none"> Progress all other matters required to wind-down the Companies' affairs generally prior to them being dissolved.
Timing	<ul style="list-style-type: none"> Completion of Land Registry transfer is unlikely before Q1 2024. Post-sale requirements/reconciliations to be completed by Q3 2023. 	<ul style="list-style-type: none"> Anticipated completion Q3 2023. 	<ul style="list-style-type: none"> Ongoing until all current and future income and expenditure has been duly accounted for tax purposes. 	<ul style="list-style-type: none"> Unlikely to be before Q4 2023. 	<ul style="list-style-type: none"> Timing is contingent on Land Registry filings, but estimated to be no sooner than Q1 2024.



Appendices

Appendix A: Statutory Information

Company Names: Infrared UK Lion GP, Infrared UK Lion Limited Partnership, Infrared UK Lion Nominee 1 Limited, Infrared UK Lion Nominee 2 Limited

Previous Name(s)	n/a	Administrators' Address	FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD
Trading Names(s)	n/a – per Company Names.	Administrators' Recognised Professional Body	ICAEW
Registered Numbers	08818231 for IRUK GP LP015850 for IRUK LP 08818236 for IRUK N1 08818235 for IRUK N2	Functions of Administrators	The Administrators may exercise any of the powers conferred on them by the IA86 joint or severally
Dates of Incorporation	17 December 2013 (IRUK GP, IRUK N1, IRUK N2) 18 November 2013 for IRUK LP	Appointment Date	21 November 2021 22 November 2021 for IRUK GP
Registered Office	C/O FTI Consulting LLP, 200 Aldersgate Street, London, EC1A 4HD	Appointer / Applicant	The directors of the Company, pursuant to Paragraph 22 of Sch B1.
Former Registered Office	Level 7 One Bartholomew Close Barts Square, London, EC1A 7BL United Kingdom	Objective being pursued	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).
Court Name / Address	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)	EC Regulation	The proceedings flowing from the appointment will be COMI proceedings (as defined in Rule 1.2 IR16)
Court Reference	CR-2021-002153 for IRUK GP CR-2021-002168 for IRUK LP CR-2021-002150 for IRUK N1 CR-2021-002152 for IRUK N2	Changes in Administrator	n/a
Administrators' Names	Andrew James Johnson Ali Abbas Khaki Matthew Boyd Callaghan	Current Administration End Date	21 November 2023 22 November 2023 for IRUK GP

Appendix B: Receipts and Payments Account

IRUK LP fixed charge receipts and payments for the period from 22 November 2022 to 21 May 2023.

Administrators' Account of Receipts And Payments					
		Statement of Affairs £	22 November 2021 to 21 November 2022 £	22 November 2022 to 21 May 2023 £	22 November 2021 to 21 May 2023 £
Fixed Charge Receipts					
Freehold Land & Property	1	34,200,000	1,100,000.00	19,250,000.00	20,350,000.00
Bank Interest			1,084.80	9,546.76	10,631.56
Cash at Bank	2		1,645,269.48	-	1,645,269.48
Pre-Admin Rental Income	3		1,084,889.92	216,036.33	1,300,926.25
Rental Income	4		3,373,455.97	876,666.72	4,250,122.69
Car Park Income	5		253,646.98	81,838.28	335,485.26
Unallocated Cash	6		209,435.56	(42,451.24)	166,984.32
Subtotal			7,667,782.71	20,391,636.85	28,059,419.56
Fixed Charge Payments					
Office Holders Fees	7		324,375.72	289,743.46	614,119.18
Office Holders Expenses			71.72	-	71.72
Office Holders Disps			225.00	-	225.00
Professional & Legal Fees	8		346,098.01	366,886.30	712,984.31
Pre-Administration Legal Fees			32,830.14	-	32,830.14
Insurance	9		280,475.19	334,134.79	614,609.98
VAT - Unrecoverable	10		7,702.74	-	7,702.74
Bank Charges			14.90	-	14.90
Professional & Legal Fees (Planning)	11		320,685.17	107,099.71	427,784.88
Car Park Expenses	12		312,235.40	123,327.71	435,563.11
Secured Creditor Trading Funding	13		1,656,331.04	567,243.77	2,223,574.81
Secured Creditor Uncharged Funding	14		424,345.89	-	424,345.89
Sales Fees			39,495.00	332,547.90	372,042.90
Agents/subcontractor Fees			-	117.50	117.50
Subtotal			(3,744,885.92)	(2,121,101.14)	(5,865,987.06)
Fixed Charge Surplus/Deficit			3,922,896.79	18,270,535.71	22,193,432.50

Notes

- Freehold Land & Property** – The total receipts received from the sale of a single Eastgate unit to a third party and the more recent sale of Eastgate following an extensive sale process.
- Cash at Bank** – Funds recovered from HSBC accounts which are subject to the Lender's fixed charge security. No amounts from these accounts can be utilised without the agreement of the Secured Lender.
- Pre-Admin Rent Income** – 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 not yet allocated against individual tenant accounts. This includes rent, service charge and other income. Over the Period there has been a net decrease due to the allocation of the cash for the prior period.
- 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.
- Insurance** – The premium for putting insurance cover in place at Eastgate, a refund is expected from this insurance policy.
- VAT Irrecoverable** – VAT payable in respect of pre-Administration invoices paid and consequently the VAT can not be recovered.
- Professional & Legal Fees (Planning)** - All fees relating the planning application.
- Car Park Expenses** - The associated day-to-day running costs of the car park.
- Secured Creditor Trading Funding** – The funding required to cover landlord service charge costs.
- Secured Creditor Uncharged Funding** – The funding requirements to cover the Administration including paying insurance and statutory costs.

Appendix B: Receipts and Payments Account

IRUK LP uncharged receipts and payments for the period from 22 November 2022 to 21 May 2023 and statement of funds held.

		£	£	£	£
Uncharged Receipts					
Secured Creditor Trading & Uncharged Funding			424,345.89	-	424,345.89
Book Debts	1		504.00	-	504.00
Cash at Bank	2	2,306	928,067.68	-	928,067.68
Insurance Refund	3		72,129.80	-	72,129.80
Other Sundry Debtors	9	567,609	-	-	-
Trading Surplus / (Deficit)	4		(246,366.34)	(512,840.73)	(759,207.07)
Subtotal			1,178,681.03	(512,840.73)	665,840.30
Uncharged Payments					
Funding Arrangement Fee			50,000.00	-	50,000.00
Office Holders Fees	5		216,250.48	193,162.31	409,412.79
Re-Direction of Mail	6		1,034.40	-	1,034.40
Statutory Advertising			368.00	-	368.00
Legal Fees			14,277.74	-	14,277.74
Pre-Administration Legal Fees			21,886.76	-	21,886.76
Subtotal			(303,817.38)	(193,162.31)	(496,979.69)
Uncharged Surplus/Deficit			874,863.65	(706,003.04)	168,860.61
Net realisations			4,797,760.44	17,564,532.67	22,362,293.11
Distributions					
Fixed Charge Distribution			-	(18,793,801.17)	(18,793,801.17)
Subtotal			4,797,760.44	(1,229,268.50)	3,568,491.94
Represented By					
Cash at Bank	7		4,888,004.67	(1,869,485.06)	3,018,519.61
Net VAT Position	8		(140,244.23)	640,216.56	499,972.33
Allocated Unsecured Dividend (Held in Cash at Bank)			50,000.00	50,000.00	50,000.00
Subtotal			4,797,760.44	(1,229,268.50)	3,568,491.94

Notes

- Book Debts** - The recovery of a historic overpayment of supplier invoices.
- Cash at Bank** - Funds held in the MK Collections and Service Charge Accounts on Appointment.
- Insurance Refund** - The refund from Eastgate's pre-Administration insurance policy as a consequence of the term being cut short.
- Trading Account** - See our further comments and details on the trading position on the following page.
- Office Holders Fees** - The total fees paid to the Administrators on a time-cost basis following the receipt of relevant approvals (a proportion of office holder fees has also been allocated against the fixed charge).
- Re-Direction of Mail** - The cost to ensure we receive all relevant information sent to the entities' previous addresses. A refund was received from Royal Mail during the Period.
- Cash at Bank** - Interest accrued has all been realised in relation to fixed charge bank accounts. These funds are held by a combination of MK, as noted above, and in designated accounts for the Administration (under our control). The latter includes £1.025m held in a Treasury Deposit as at 21 May 2023.
- VAT** - All amounts shown in the table are exclusive of VAT.
- Other Sundry Debtors** - Relates to historic debtor balances that pre-dated the purchase of the Group by InfraRed. Given the historic nature of the debts the Directors did not consider there being any prospect of recovery of these amounts.

Appendix B: Receipts and Payments Account

IRUK LP trading account for the period from 22 November 2022 to 21 May 2023, to be read in conjunction with the fixed charge rental income to understand the current trading position of the Centre during the Administration.

Administrators' Trading Receipts And Payments			
	22 November 2021 to 21 November 2022	22 November 2022 to 21 May 2023	22 November 2022 to 21 November 2022
	£	£	£
Trading Receipts			
Service Charge Income	1,283,266.04	347,793.79	1,631,059.83
Other Income	17,309.13	57,607.25	74,916.38
Secured Creditor Service Charge Contribution	1,656,331.04	567,243.77	2,223,574.81
Total Receipts	2,956,906.21	972,644.81	3,929,551.02
Trading Payments			
Bad Debts Written Off	115,726.86	(17,653.90)	98,072.96
Bank Charges	1 (234.25)	(2,360.76)	(2,595.01)
Direct Labour	29,571.96	17,680.00	47,251.96
Direct Property Management Expense	180,042.25	7,909.55	187,951.80
Health and Safety	2 89,105.31	35,232.44	124,337.75
Indirect Labour	3 295,227.55	80,175.35	375,402.90
Insurance Expense	4,779.50	-	4,779.50
Marketing & Advertising Expense	159,661.96	23,407.43	183,069.39
Miscellaneous Expenditure	76,798.66	9,088.02	85,886.68
Payroll Taxes	21,004.31	19,321.00	40,325.31
Professional Fees	4 243,063.00	62,985.75	306,048.75
Ransom Creditors	5 113,163.75	-	113,163.75
Repairs & Maintenance	6 1,234,642.32	312,826.29	1,547,468.61
Security Expense	7 470,141.11	121,860.45	592,001.56
Service Charge Contribution	8 542,326.30	(593,796.33)	(51,470.03)
Suspense Account - Suppliers	9 (715,113.88)	708,493.99	(6,619.89)
Utilities	10 343,365.84	465,806.23	809,172.07
Service Charge Transfer	-	234,510.03	234,510.03
Total Payments	3,203,272.55	1,485,485.54	4,688,758.09
Trading Surplus/(Deficit)	(246,366.34)	(512,840.73)	(759,207.07)

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.£4.3m of rental income has been collected, as shown earlier.
- Trading income consists of the following receipts:
 - **Service Charge Income** – Monies paid by tenants in respect of the service charge for both pre and post Administration periods. The Secured Creditor Service Charge Contribution is in lieu of amounts payable by landlords in respect of vacant units.
 - **Other Income** – collected directly from tenants for their proportion of different costs (e.g. insurance, electric, water) for Eastgate.
- Trading payments are set out below:
 1. **Bank Charges** – Bank charges and accrued interest are combined. There was an interest income balance this period.
 2. **Health & Safety** – Costs incurred to ensure that the Centre maintains the necessary standards to comply with health and safety regulations.
 3. **Indirect Labour** – Centre staff who are employed by MK.
 4. **Professional Fees** – Professional fees incurred and specific to the day-to-day running of Eastgate e.g. MK's property manager fees.
 5. **Ransom Creditors** – Payments to suppliers in respect of their unsecured claims in order to procure ongoing supplies.
 6. **Repairs & Maintenance** – Ongoing repairs and maintenance to Eastgate. Typically this is work conducted as a consequence of general wear and tear to the building.
 7. **Security Expense** – Costs of maintaining security at the site, including on-site guards.
 8. **Service Charge Contribution** – Funding required to meet the proportion of the Landlord costs due in respect of the Service Charge. The Period shows a net receipt due to balancing credits applied as a result Service Charge underspend due to Covid-19.
 9. **Suspense Account** – Supplier invoices raised and allocated to the expense code as Trading Payments but not yet paid.
 10. **Utilities** - Consists of electric and gas costs for communal areas at the Centre.

Appendix B: Receipts and Payments Account

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

IRUK GP - Administrators' Account of Receipts And Payments				
	Statement of Affairs	23-Nov-21 to 22 November 2022	23-Nov-22 to 22 May 2023	23-Nov-21 to 22 May 2023
	£	£	£	£
Fixed Charge Receipts				
Cash at Bank	304	273.85		273.85
Bank Interest Gross		0.10	0.59	0.69
Subtotal		273.95	-	274.54
Fixed Charge Payments				
Fixed Charge Bank Charges		12.57	-	12.57
Subtotal		(12.57)	-	(12.57)
Fixed Charge Surplus/Deficit		-	-	-
Net realisations		261.38	0.59	261.97
Represented By				
Cash at Bank		261.38		261.97
Subtotal		261.38	-	261.97

Appendix B: Receipts and Payments Account

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

IRUK N1 - Administrators' Account of Receipts And Payments				
Statement of Affairs	22 November 2021 to 21 November 2022	22 November 2022 to 21 May 2023	22 November 2021 to 21 May 2023	
£	£	£	£	£
Distributions				
Ordinary Shareholders	1	-	-	-
Subtotal				
Represented By				
Cash at Bank	-	-	-	-
Subtotal	-	-	-	-

IRUK N2 - Administrators' Account of Receipts And Payments				
Statement of Affairs	22 November 2021 to 21 November 2022	22 November 2022 to 21 May 2023	22 November 2021 to 21 May 2023	
£	£	£	£	£
Distributions				
Ordinary Shareholders	1	-	-	-
Subtotal				
Represented By				
Cash at Bank	-	-	-	-
Subtotal	-	-	-	-

Appendix C: Joint Administrators' Remuneration and Expenses

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

Overview

- In our previous report (and as summarised earlier) we gave details of the manner in which our remuneration had been approved by the relevant classes of creditors for each of the entities.
- In this Appendix we provide additional detail on the work done in the Period, an update on expenses incurred in the Administrations and in relation to IRUK LP only:
 - an analysis of our time costs for the Period and the cumulative position to date;
 - a reminder of our time charging policy and hourly rates that apply to the work performed; and
 - details of a request to seek approval to draw remuneration in excess of the fees estimate previously agreed.
- The Secured Creditor will be providing sufficient funding to pay our remuneration in relation to IRUK GP, IRUK N1 and IRUK N2, as those companies have no (or insufficient) assets.
- Our remuneration for acting as joint administrators of IRUK LP will be paid from fixed and uncharged asset realisations, subject (at all times) to having obtained the necessary approval to draw funds from the estate for this purpose.
- We spent 796 hours in the Period progressing the Administration of IRUK LP, at an average hourly rate of £507, representing a cost of £403,378. The total time cost for the Administration to 21 May 2023 is £1,180,237 which consists of 2,795.1 hours at an average cost of £422 per hour.
- The total cost is less than the approved fees estimate of £1,200,000, however, we do anticipate that our time costs will exceed our fees estimate with anticipated costs now £1,230,000.

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.£1.23m, representing 2,914 hours at an average rate of £422 per hour. As set out in the table, we expect to exceed our previously fee estimate, however at this time we are not seeking approval to draw any amounts above that which has previously been approved.
- The reasons for exceeding our initial fees estimate are set out below:
 - Due to delays at the Land Registry, we are expecting the Administration to go beyond its second anniversary and therefore an application to court for a further extension of the Administration is being sought.
 - Submitting the application to court for the second extension and the unsecured creditor dividend.
 - Post-transaction obligations under the SPA required from IRUK LP as seller have been more significant than expected and have included agreeing a final service/charge reconciliation and ongoing obligations in relation to dealing with correspondence.
 - Work required to complete the additional corporation tax returns and quarterly VAT returns, as a consequence of the anticipated further extension of the IRUK LP Administration. Additionally, time has been spent pursuing a VAT registration from HMRC after the Group was de-registered in error. As well required under the SPA in making s198 elections.
- Should no additional work be necessary beyond that which is now included in the revised fees estimate and detailed above, we do not expect our costs to exceed the revised fees estimate; and no further approval should be required.

Appendix C: Joint Administrators' Revised Fees Estimate

Our revised fees estimate is £1.23m based on costs to date of c.£1.18m and our assessment of future work required in the Administrations.

	Incurred to date			To be incurred			Total Revised Estimate		
	Avg £/Hr	Hr	£	Avg £/Hr	Hr	£	Avg £/Hr	Hr	£
Administration and Planning	356	537	191,087	356	11	3,913	356	548	195,000
Investigations	348	81	28,146	348	0	0	348	81	28,146
Realisation of assets	573	445	254,633	573	13	7,221	573	457	261,854
Trading	406	991	402,101	406	7	2,899	406	998	405,000
Creditors	383	207	79,139	383	55	20,862	383	261	100,000
Tax	566	171	96,760	566	15	8,240	566	185	105,000
Reporting	352	364	128,371	352	19	6,629	352	383	135,000
Administrators' fee estimate	422	2,795	1,180,237	420	119	49,763	422	2,914	1,230,000

	Total Revised Estimate			Previously Approved Estimate			Variances		
	Avg £/Hr	Hr	£	Avg £/Hr	Hr	£	Avg £/Hr	Hr	£
Administration and Planning	356	548	195,000	535	284	152,186	179	(263)	(42,814)
Investigations	348	81	28,146	201	139	27,886	(147)	58	(260)
Realisation of assets	573	457	261,854	333	577	192,094	(240)	120	(69,760)
Trading	406	998	405,000	447	914	408,745	41	(84)	3,745
Creditors	383	261	100,000	529	407	215,184	146	145	115,184
Tax	566	185	105,000	350	203	71,184	(216)	18	(33,816)
Reporting	352	383	135,000	300	442	132,721	(52)	59	(2,279)
Administrators' fee estimate	422	2,914	1,230,000	404	2,967	1,200,000	(41)	53	(30,000)

*Following a recent internal review of our previous progress reports, we noted certain inaccuracies in our previous reports. In particular, the 'Total Revised Estimate' hours incorrectly referred to a previous draft estimate for a lower total amount, the estimate was then revised up, however the 'Hr' column was not updated. None of the issues identified impacted the quantum of the overall fees estimate approved.

- During the Period, the creditors of IRUK LP approved that the Joint Administrators could draw remuneration in excess of the (initial) fees estimate and up to an amount of £1,200,000 plus VAT. Approval was given by a creditors' decision procedure ending on 25 January 2023.
- As explained on the previous page and illustrated above, we expect to exceed our fees estimate due to the second extension that is required, although (as the above table shows), the additional further work is significantly offset by a reduced provision for the time likely to be required in agreeing creditor claims and distributing surplus funds.
- Based on the information we have available at the time of this report, we do not expect to seek further approval to draw any amount in excess of what has already been approved.

Appendix C: Joint Administrators' Remuneration and Expenses.

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

Staff Allocation

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

Time Charging Policy

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

Hourly Rates

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

Grade of Staff	2021 (£/hour)	Pre-Oct 2022 (£/hour)	Post-Oct 2022 (£/hour)
Senior Managing Director	647.50	672.00	756.00
Managing Director	556.50	577.50	651.00
Senior Director	518.00	539.00	605.50
Director	462.00	479.50	539.00
Senior Consultant	409.50	427.00	479.50
Consultant	350.00	364.00	409.50
Associate	164.50	171.50	276.50

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

Appendix C: Joint Administrators' Remuneration and Expenses continued

Analysis of time incurred for the period from 22 November 2022 to 21 May 2023 (IRUK LP only).

Infrared UK Lion Limited Partnership - Analysis of Time Costs In Accordance with SIP9 for the period 22 November 2022 to 21 May 2023

Task	Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost
Administration and Planning						
Strategy and planning	-	81.90	-	-	81.90	44,188.90
Appointment and related formalities	-	-	-	27.10	27.10	7,493.15
Receipts and payments accounts	0.30	2.00	-	7.60	9.90	3,406.20
Checklist and reviews	-	-	-	12.20	12.20	3,373.30
Cashiering and reconciliations	0.30	4.60	-	91.50	96.40	28,521.15
Bonding and IPS maintenance	-	0.20	-	17.50	17.70	4,968.95
Subtotal	0.60	88.70	-	155.90	245.20	91,951.65
Investigations						
Books and records	-	0.40	-	-	0.40	260.40
Subtotal	-	0.40	-	-	0.40	260.40
Realisation of assets						
Sale of business	29.30	150.00	-	-	179.30	119,800.80
Post-completion obligations	0.80	-	-	-	0.80	604.80
Book debts	-	7.70	-	2.00	9.70	5,565.70
Stock and WIP	-	-	-	4.00	4.00	1,106.00
Property, plant and vehicles	-	0.20	-	-	0.20	130.20
Other assets	1.50	15.00	-	-	16.50	9,219.00
Fixed Charge Property	-	48.30	-	-	48.30	26,112.10
Subtotal	31.60	221.20	-	6.00	258.80	162,538.60
Trading						
Ongoing trading / monitoring	5.80	52.90	-	38.20	96.90	46,529.00
Closure of trading	3.30	3.50	-	-	6.80	4,437.30
Employees - Payroll	-	0.90	-	-	0.90	585.90
Subtotal	9.10	57.30	-	38.20	104.60	51,552.20

Appendix C: Joint Administrators' Remuneration and Expenses continued

Analysis of time incurred for the period from 22 November 2022 to 21 May 2023 (IRUK LP only) continued.

Task	Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost
Creditors (correspondence and claims)						
Unsecured creditors	-	1.70	-	-	1.70	938.70
Secured creditors	1.00	1.00	-	13.50	15.50	5,027.75
Subtotal	1.00	2.70	-	13.50	17.20	5,966.45
Tax						
Pre-appointment CT	-	14.00	-	-	14.00	8,477.00
Post appointment CT	3.50	5.30	4.10	0.80	13.70	8,060.50
Post appointment VAT	1.70	12.20	-	9.00	22.90	11,715.90
Tax advice on transactions	12.00	43.30	0.20	-	55.50	35,933.80
Other post appointment tax	-	0.20	1.40	1.70	3.30	1,271.55
Subtotal	17.20	75.00	5.70	11.50	109.40	65,458.75
Reporting						
Other statutory reports/meetings	-	21.30	0.50	29.10	50.90	20,393.80
Secured creditor reports	1.00	3.20	-	3.00	7.20	3,668.70
Secured creditor calls	2.10	-	-	-	2.10	1,587.60
Subtotal	3.10	24.50	0.50	32.10	60.20	25,650.10
Total Time by Grade	62.60	469.80	6.20	257.20	795.80	
Total Cost by Grade	47,325.60	281,963.85	2,972.90	71,115.80	403,378.15	
Average by Grade	756.00	600.18	479.50	276.50	506.88	

Appendix C: Joint Administrators' Remuneration and Expenses

Analysis of time incurred for the IRUK LP Administration (from 21 November 2021 to 21 May 2023)

Infrared UK Lion Limited Partnership - Analysis of Time Costs In Accordance with SIP9 for the period 21 November 2021 to 21 May 2023

Task		Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost
Administration and Planning							
Strategy and planning	A1	4.00	167.90	3.00	20.50	195.40	95,533.80
Initial actions	A2	1.50	9.80	-	38.10	49.40	12,696.60
Appointment and related formalities	A3	1.50	5.40	-	76.30	83.20	21,205.10
Receipts and payments accounts	A4	0.30	9.70	0.40	20.60	31.00	9,976.75
Checklist and reviews	A5	-	3.10	-	12.80	15.90	5,249.65
Cashiering and reconciliations	A6	0.30	12.50	-	130.10	142.90	40,822.25
Bonding and IPS maintenance	A7	-	0.60	1.00	17.50	19.10	5,602.65
Subtotal		7.60	209.00	4.40	315.90	536.90	191,086.80
Investigations							
Correspondence with directors	B1	-	1.00	-	2.50	3.50	995.75
Directors questionnaire/checklists	B2	-	2.20	-	5.00	7.20	2,115.40
Statement of affairs	B3	-	13.50	-	6.30	19.80	8,679.30
Reports of Directors' conduct	B4	-	16.70	-	28.30	45.00	13,196.40
Books and records	B5	-	4.70	-	-	4.70	2,769.90
Electronic records	B6	-	0.70	-	-	0.70	389.55
Subtotal		-	38.80	-	42.10	80.90	28,146.30
Realisation of assets							
Cash and investments	C1	-	6.80	-	18.70	25.50	7,022.75
Sale of business	C2	30.30	258.00	-	-	288.30	184,716.00
Post-completion obligations	C3	0.80	0.30	-	-	1.10	778.05
Book debts	C4	-	7.70	-	2.00	9.70	5,565.70
Stock and WIP	C5	-	-	-	10.60	10.60	2,237.90
Property, plant and vehicles	C6	-	14.60	-	13.70	28.30	10,694.95
Other assets	C7	1.50	21.00	-	0.40	22.90	12,700.10
Health & Safety/Insurance	C8	-	0.80	-	-	0.80	451.50
Legal issues/litigation	C9	-	0.50	-	-	0.50	278.25
Fixed Charge Property	C10	-	56.80	-	-	56.80	30,187.85
Subtotal		32.60	366.50	-	45.40	444.50	254,633.05

Appendix C: Joint Administrators' Remuneration and Expenses continued

Analysis of time incurred for the IRUK LP Administration (from 21 November 2021 to 21 May 2023) continued

Task		Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost
Trading							
Initial control of operations	D1	1.20	3.20	-	0.50	4.90	2,640.05
Ongoing trading / monitoring	D2	5.80	488.20	20.00	389.90	903.90	353,977.50
Closure of trading	D3	3.30	3.50	-	-	6.80	4,437.30
Employees - Payroll	D4	-	36.10	-	2.50	38.60	21,127.40
Employees - HR Issues	D5	-	33.80	-	2.90	36.70	19,918.85
Subtotal		10.30	564.80	20.00	395.80	990.90	402,101.10
Creditors (correspondence and claims)							
Unsecured creditors	E1	-	10.60	-	15.20	25.80	7,995.40
Secured creditors	E2	19.50	47.90	2.00	111.10	180.50	71,060.85
Lease creditors	E7	-	-	-	0.50	0.50	82.25
Subtotal		19.50	58.50	2.00	126.80	206.80	79,138.50
Tax							
Initial reviews CT and VAT	F1	-	0.50	-	-	0.50	288.75
Pre-appointment CT	F2	-	17.00	-	-	17.00	10,293.50
Pre-appointment VAT	F3	-	0.90	-	-	0.90	500.85
Post appointment CT	F4	3.50	5.70	4.10	0.80	14.10	8,287.30
Post appointment VAT	F5	1.70	27.00	4.00	9.50	42.20	21,862.05
Tax advice on transactions	F6	13.50	49.80	0.60	0.70	64.60	40,943.00
Other post appointment tax	F7	-	25.60	1.40	4.60	31.60	14,584.50
Subtotal		18.70	126.50	10.10	15.60	170.90	96,759.95
Reporting							
Proposals	G2	1.00	40.20	-	82.60	123.80	35,842.80
Other statutory reports/meetings	G3	2.50	79.40	0.50	86.90	169.30	63,152.60
Secured creditor reports	G4	1.00	30.00	3.00	33.30	67.30	26,796.60
Secured creditor calls	G5	2.60	1.20	-	-	3.80	2,579.15
Subtotal		7.10	150.80	3.50	202.80	364.20	128,371.15
Total Time by Grade		95.80	1,514.90	40.00	1,144.40	2,795.10	
Total Cost by Grade		69,345.85	856,337.30	16,997.50	237,556.20	1,180,236.85	
Average by Grade		723.86	565.28	424.94	207.58	422.25	
		Time Costs	Category 1	Category 2	Total		
Total Costs to Date		1,180,236.85	386.40	-	1,180,623.25		
Amount Billed		-	296.72	-	1,023,531.97		
Total WIP		1,180,236.85	89.68	-	157,091.28		

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"> ■ Case reviews: periodic reviews of the Administrations, typically every six-months. ■ Financial Management: preparing and maintaining cost budgets, estimated outcome statements etc, as appropriate for the case. 	<ul style="list-style-type: none"> ■ 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. ■ 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.
Trading Supervision	<ul style="list-style-type: none"> ■ Cashflow: Quarterly cashflow forecasts to monitor future liquidity. ■ Leasing: Reviewing and renewing tenant leases with the support of our advisors. ■ Trading: Liaising closely with the Property Managers to ensure the efficient and business-as-normal operations of the Centre 	<ul style="list-style-type: none"> ■ 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.
Realising the Assets	<ul style="list-style-type: none"> ■ Sale of business: During the Period we completed the sales process of the Eastgate Centre and continue to complete post-sale obligations as per the SPA. 	<ul style="list-style-type: none"> ■ The sale of the Centre provides a direct financial benefit for creditors and includes the work required after completion pursuant to the terms of the sale agreement, or otherwise.

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"> ■ Secured creditors: liaising with / periodic reporting to the Secured Creditor; and making distributions from asset realisations under security entitlements. ■ Unsecured claims agreement: reviewing claims where an unsecured dividend is expected; including liaising with the creditors regarding the provision of supporting information and responding to queries. ■ Creditor queries: for all classes of creditors, shareholders and other third parties: responding to inbound queries received to the extent possible and necessary. 	<ul style="list-style-type: none"> ■ 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. ■ During the course of claims agreement, we perform an proportionate level work with an appropriate degree of scrutiny taking into account the quantum of the dividend available, to avoid incurring unnecessary costs and to avoid adversely impacting the recovery for creditors. ■ 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.

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"> ■ Corporation Tax: preparing and submitting the necessary and periodic tax returns falling due during the Administration. ■ VAT: preparing and submitting the necessary and periodic VAT returns falling due during the Administration; including making payments to (or requesting refunds from) HMRC and maintaining adequate VAT accounts. ■ Books and records: copies of a majority of the Company's books and records had previously been sent electronically. During the Period we have received all hard copies of the books and records for safeguarding. ■ Receipts, payments and accounting journals: maintaining adequate accounting records for the period of the Administration, including the payment of costs and expenses. 	<ul style="list-style-type: none"> ■ We have a statutory responsibility to complete and submit post-insolvency tax and VAT returns and account for any tax due. ■ 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. ■ Dealing with the Company's books and records does not necessarily give a financial benefit to creditors, although they are essential when any defending actions against the Company's from third parties and when adjudicating creditor claims.
Fulfilling our Statutory Duties	<ul style="list-style-type: none"> ■ Progress reports: preparing and issuing the six-monthly progress reports to creditors, including receipts and payments accounts. 	<ul style="list-style-type: none"> ■ Due to the impact of insolvency on a company's creditors and members, there are statutory requirements to give notice of the appointment of Administrators to affected parties. There is no financial benefit to creditors. ■ The various other workstreams arise from statutory requirements due to the Company being in an insolvency process and similarly do not have any direct financial benefit for creditors. Many requirements are for the purpose of keeping creditors informed about the Administration and to protect their interests generally.

Appendix C: Joint Administrators' Remuneration and Expenses

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

Definition of expenses

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

Professional advisors and subcontractors

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

Appendix C: Joint Administrators' Remuneration and Expenses

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

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

Appendix C: Joint Administrators' Remuneration and Expenses

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).

Trading Expenses (£)					
Expense Type	Estimate per the Proposals	Total Estimate (Cost for 16 months)	Incurred during Period	Total Incurred (21 November 2021 to 21 May 2023)	Comment
Service Charge Net expenditure (note 1)	290,400.00 (per month)	4,646,400.00	1,631,059.83	2,223,574.81	Includes all PPM, including the fees due to the Property Manager.
Non-Recoverable Service Charge expenditure (note 1)	85,000.00 (per month)	1,360,000.00	142,648.68	390,042.97	Includes capital expenditure beyond the scope of PPM.
Professional Fees (note 2)	574,400.00	960,000.00	174,885.32	1,292,163.76	Fees relating to planning (including legal and architects fees) and tenant leases.
Employee costs (note 3)	5,000.00	80,000.00	17,680.00	47,251.96	Includes fees relating to the employment of a director in BTCM
Insurance (note 4)	257,148.00	257,148.00	334,134.79	614,609.98	Costs relating to the insurance of the shopping centre. We are due a refund in the next period as a consequence of ending the insurance contract part way through the period.
Totals		7,303,548.00	2,300,408.62	4,567,643.48	

- 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 not provided given the significant uncertainty over the period the Centre would be traded prior to a sale. The table now restates the estimate to reflect the 16-month trading period and shows that actual 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 Period, the Centre has been sold and the CMS sales fee is included within these professional fees, which is the key reason the revised 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 two years cover having been required, though it should be noted that a substantial (partial) refund of the second year premium is expectedly imminently.

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).

Non-Trading Expenses (£)						
Expense Type	Estimate per the Proposals	Incurred during the period	Total Incurred (21 November 2021 to 21 May 2023)	Future Estimate	Total Estimate	Comments
Sales Agents Fees (note 1)	TBD	220,648.33	220,648.33	-	220,648.33	Includes sales fee on leasehold interest of the single unit.
Bonding (note 2)	180.00	-	225.00	-	225.00	Required for all insolvency appointments.
Gazetting (note 2)	442.00	-	368.00	-	368.00	Statutory notices placed in the Gazette.
Legal fees (note 3)	132,000.00	26,779.90	117,119.00	14,881.00	132,000.00	
Postage and stationery (note 4)	500.00	-	1,034.40	-	1,034.40	Re-direction of mail.
Travel and subsistence expenses	500.00	89.68	386.4	113.60	500.00	
Totals	133,622.00	247,517.91	339,781.13	14,994.60	354,775.73	

- 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.
- Bonding/ Gazetting** – The initial estimate for bonding was slightly understated, attributed to a recent change in our bonding premiums.
- Legal fees** – Consist 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.
- 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 C: Joint Administrators' Remuneration and Expenses

Expenses Estimates

- The tables on the previous page show our current estimate of total expenses and a comparison to our estimate in the Proposal (the details given to creditors prior to the determination of the basis of our remuneration).
- We do not anticipate incurring any Category 2 expenses and therefore we will not need to seek approval to the basis upon which these may be charged to the estate. If this changes, we will write to creditors at the appropriate time to seek the necessary approval.
- Except for our remuneration and pre-Administration costs where approval has been sought, there is no requirement for us to seek approval to any of these expenses and the estimates provided do not represent a cap on the amount that can be paid.
- We are satisfied that the amounts expected to be incurred are reasonable in the circumstances of the case and are consistent with the monthly running costs incurred by the Companies in the lead up to the Administrations.
- Category 1 expenses that have been paid are included in the Receipts and Payments Accounts provided at Appendix B to this report.
- All expenses have been incurred in IRUK LP. IRUK N1 and IRUK N2 have no assets and have not incurred (and are not expected to incur) any expenses. IRUK GP has not incurred any expenses in the period and prior expenses relate only to unforeseen bank charges for which an estimate had not previously been given (and no future expenses are expected).
- For a small number of costs (including statutory advertising), these have been paid using cash held in the LP as agreed with BLB, the Group's secured creditor who are the only impacted party by the payment of these expenses.

Appendix D: An introduction to insolvency

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

What is an insolvency process?

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

What is an insolvency practitioner?

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

Realising the Assets

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

Managing the Company's Affairs

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

Dealing With Creditors

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

Fulfilling our Statutory Duties

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

Appendix E: Legal Notices

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

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 at www.fticonsulting.com/emea/cip/forms-and-information. It includes information to help creditors understand their rights and describes how best these rights can be exercised.
- 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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