



To All Known Creditors

**The Collective (Living) Group Limited
The Collective (Living) Limited
Harewood Properties Limited
(in Administration)**

Joint Administrators' Progress Report

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Glossary

Glossary

Abbreviation	Definition	Term	Meaning
BEIS	Department for Business, Energy and Industrial Strategy	Administration(s)	The Administrations of The Collective (Living) Group Limited, Harewood Properties Limited and The Collective (Living) Limited
c.	Approximately	Appointment date	15 September 2021 - The Collective (Living) Group Limited 15 September 2021 - The Collective (Living) Limited 16 September 2021 - Harewood Properties Limited
CDDA	Company Directors Disqualification Act 1986	Joint Administrators / we / our / us /	Matthew Boyd Callaghan, Andrew James Johnson and Lisa Jane Rickelton
CT	Corporation Tax	the Companies	TCLGL, HPL and TCLL collectively
EBITDAP	Earnings Before Interest, Taxes, Depreciation, Amortization and Pension Income	Secured Creditors	Deutsche Bank AG, London Branch; GCP Asset Backed Income (UK) Limited and AC Advantage – Credit Strategies. Creditors with security in respect of their debt in accordance with Section 248 IA86.
FTI / FTI UK	FTI Consulting LLP and/or FTI Financial Services Limited	the Group / The Collective Group	TCLGL and all its subsidiaries
GLAS	GLAS Trust Corporation Limited, security agent for the Secured Creditors	The Proposals	The Statement of Proposals dated 5 November 2021
HMRC	HM Revenue & Customs	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 to certain specified debts.
HPL	Harewood Properties Limited – In Administration	Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A IA86.
IA86	Insolvency Act 1986 (as amended)	Scape	Windmill Opportunities Limited (formerly Scape Student Living Limited) trading as Scape (Company Number: 07120364) and TC Services Limited (Company Number: 13608402)
ICAEW	Institute of Chartered Accountants in England & Wales	Unsecured creditors	Creditors who are neither secured nor preferential. Principally trade creditors, landlords, intercompany debts and utility providers. HMRC and employee-related claims that do not rank preferentially are also included here.
IR16	Insolvency (England and Wales) Rules 2016 (as amended)		
LTO	Licence to occupy leasehold premises		
NDA	Non-Disclosure Agreement		
PAYE	Pay-as-you-earn tax		
RPS	Redundancy Payments Service		
Schedule B1	Schedule B1 to the Insolvency Act 1986		
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		
TCLGL	The Collective (Living) Group Limited – In Administration		
TCLL	The Collective (Living) Limited – In Administration		
TCS	TC Services Limited		
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006		



Introduction

Purpose of this Report

- Andrew Johnson, Lisa Rickelton and I were appointed as joint administrators of The Collective (Living) Group Limited and The Collective (Living) Limited on 15 September 2021 and Harewood Properties Limited on 16 September 2021. The appointments were made by the holder of a qualifying floating charge under Paragraph 14 of Schedule B1.
- This report is prepared pursuant to Rule 18.6 IR16, to provide details on the progress of the Administrations during the first six-months of our appointment. It covers the period to 14 March 2022 (and 15 March 2022 in the case of Harewood Properties Limited) 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 undertake before the Administrations can be concluded;
 - An update on how and when we expect the Administrations will end;
 - A statement of our receipts and payments and details of the expenses we have incurred;
 - An update on our remuneration for acting as joint administrators; and
 - Further information required by statute regarding our appointment as joint administrators.
- Further details surrounding the Administrations of the Companies can be found in our Proposals dated 5 November 2021, which are available online at: <https://www.fticonsulting.com/emea/cip/the-collective-living-group-limited>
- Legal notices regarding this report, our appointment and creditors' rights are included in Appendix B.
- If you have any queries regarding the content of this report or if you want hard copies of any of the documents made available online, please contact us using the details provided on the right.

How to Contact Us

- Creditors can contact us using the preferred methods below:

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- Further information can be found online at:
<https://www.fticonsulting.com/emea/cip/the-collective-living-group-limited>

Signed:



Matthew Boyd Callaghan

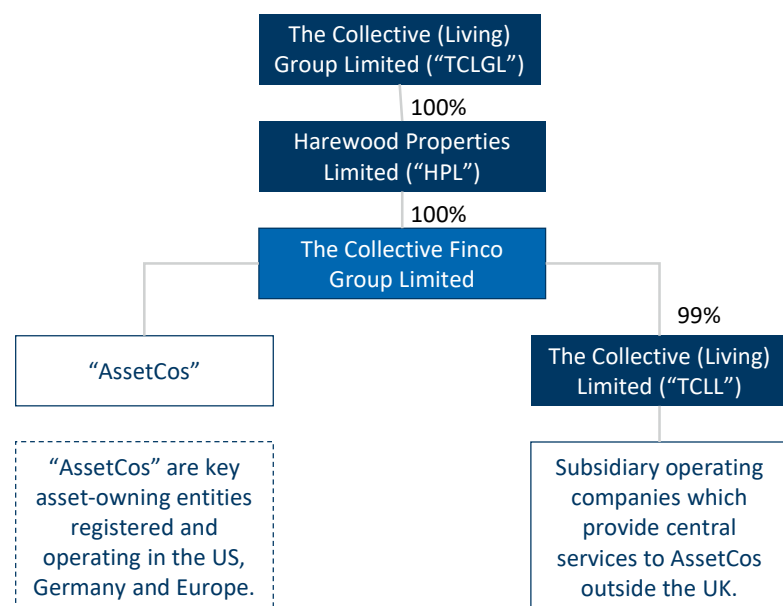
Joint Administrator

Acting as agent and without personal liability

Overview of the Companies

TCLGL is the parent company of The Collective Group which owns, develops and operates co-living residential buildings across the UK, Ireland, Germany and the United States. HPL is an intermediary holding company and is the Borrower under the Group Facility Agreement. TCLL is the UK operating company.

Simplified Group Structure



Brief History of the Companies

- At the time of our appointment, the Group's principal property interests (held by the AssetCos or joint venture partnerships) were:
 - Two "The Collective" branded operational co-living properties in the UK and one in the US;
 - Four sites under construction and 13 developments in pre-construction phases across Europe and North America; and
 - Seven smaller properties operating under the Dome Properties brand.
- TCLGL is the parent company of the Group and was formed in February 2020 as part of a reorganisation of the Group that included the Secured Creditors providing a c.£140m term facility (the "Group Facility Agreement") to fund expansion plans.
- As shown by the group structure, HPL is an intermediary holding company (registered in Jersey on 14 May 2007) and is the Borrower under the Group Facility Agreement.
- TCLL was incorporated on 2 June 2010. It is the UK operating company of the Group and is substantially owned by TCLGL and HPL. The Group operates on a centralised service basis with c.90% of services provided by TCLL (and its US / German equivalents). These include booking / pricing management, marketing, finance, HR, legal and IT services.
- TCLL employed all 62 head office staff based at leasehold premises in Central London. It was funded by HPL (by way of intercompany transactions), with HPL utilising the Group Facility Agreement provided by the Secured Creditors. TCLGL and HPL did not employ any staff.

Background to the Insolvency

The Companies entered Administration following the Group's unsuccessful attempts to find a buyer. They have no material realisable assets, but funding has been provided by secured creditors to ensure the continuity of central services and preserve the opportunity to rescue other Group companies as a going concern on a solvent basis.

Brief Background

- The Group's financial position deteriorated due to the impact of COVID-19 on its operating assets and delays in the development of its non-operational assets. This created a significant funding requirement that the Group was unable to resolve through cost-cutting measures and additional funding.
- The Group appointed an investment bank to run a sale process to find a buyer for the Group on a solvent basis, however this was unsuccessful as the offers received would not repay the secured lending to the Group in full.
- FTI was subsequently appointed to progress the sale process, with the potential to achieve a sale of certain of the Group's assets via a pre-pack administration. Despite two offers being received, neither party could complete a transaction.
- The sale process and interim liquidity requirements were funded by the Secured Creditors. By mid-September 2021, the sale process had proven unsuccessful and the Group had insufficient funding to continue.

Security Enforcement

- Given the circumstances, the Secured Creditors decided to enforce their security in order to protect their interests in the Group's key assets. As part of their enforcement strategy, the Secured Creditors identified Scape as an alternative operating partner and a request was made (and approved by the Board) that Scape carry out operational contingency planning work to supplement the work FTI had performed.
- The Secured Creditors also notified certain of the Group's joint venture partners (in the operating assets) of their intention to introduce a new managing agent.
- After previously being engaged by the Group, the Secured Creditors appointed us as joint administrators of the Companies under Paragraph 14 of Schedule B1 on 15/16 September 2021.

- The three Companies subject to Administration appointments are the parent company (TCLGL), an intermediate holding company which is the borrower under the Group Facility Agreement (HPL) and the operating company (TCLL) that provided central services to the UK entities that owned property assets.
- Whilst these entities were unable to avoid insolvency, the appointments could allow trading businesses to continue with minimal disruption whilst preserving the possibility of rescuing the Group's asset-owning entities as going concerns on a solvent basis.

Financial Position

- Due to the nature of the Companies, they do not own any material tangible assets. The records of TCLGL and HPL show their interests in subsidiaries and intercompany debts, the value of which are negligible due to the fixed charge nature of the Group's key assets, with a combined value significantly less than the associated secured debt.
- TCLL is a Group-funded head office and services provider and similar to TCLGL and HPL, has insufficient assets to discharge the expenses of the Administrations.
- Therefore, as part of the commercial agreement between the Secured Creditors and Scape, through TC Services Limited the latter committed to providing the initial funding to the Administrations.
- Funding is for the costs expected to be incurred, including our remuneration and other professional costs, and to allow the TCLL services to be continued for a short period whilst they are transitioned to TC Services Limited and therefore onto a more stable footing. Drawings under the Group Funding Facility also include obligations arising elsewhere in the Group that the Secured Creditors are funding.
- In the circumstances of these Companies and in particular the absence of material assets, it is therefore not expected that any class of creditor will receive a distribution or dividend from the Administrations.



Progress of the Administration

TCLL – Transition and Asset Realisations

The strategy for TCLL was to continue the business until such time that it transferred to TCS. The transition is now largely complete and has supported the Lenders with their strategy for the secured assets around the Group.

Overview of Strategy

- During the planning for the Administrations, it was established that whilst the Companies were unable to avoid insolvency, additional funding would allow the TCLL trading platform to be continued until such time that the services could be transitioned to a third party (and therefore onto a more stable footing).
- Value in the Group’s subsidiary companies could also be preserved pending exploration of options to maximise the outcome for the Group’s various stakeholders. These options were anticipated to include further security enforcements by the Secured Creditors over certain companies in the Group.
- As part of their enforcement strategy, the Secured Creditors had identified Scape as an alternative operating partner and had entered into a commercial agreement with TC Services Limited that would include the provision of funding to the Administrations.
- New bank accounts were set-up for the purposes of the Administrations and to receive funding from TC Services Limited. In total, some £5m was initially received as follows:

Legal entity	£
The Collective (Living) Group Limited	18,000
Harewood Properties Limited	1,118,300
The Collective (Living) Limited	3,863,700
Total	5,000,000

- Total funding of £3,863,700 was provided to TCLL, to cover our remuneration, legal expenses and Administration expenses.
- Given the lack of material assets in the Companies and the absence of dividend prospects for any class of creditor, the Secured Creditors are the only class of creditor with an economic interest in the conduct of the Administrations.

- However, throughout our planning for the Administrations and in considering the most appropriate strategy to achieve their purpose, we have considered the interests of unsecured creditors and (in TCLL) the preferential creditors. Given the fixed charge security over the Group’s key assets, limited floating charge assets, the known shortfall facing the Secured Creditors and anticipated costs of the Administrations, we concluded that there was no strategy that would give rise to a dividend for preferential or unsecured creditors, whilst achieving the purpose of the Administrations.

Implementation of Operational and Financial Controls

- Immediately on appointment, we worked with head office employees to implement the temporary additional processes that would be required whilst TCLL operated under our control.
- We implemented various controls to facilitate the ongoing member experience and continued to manage and provide oversight for sales and bookings. Additionally, we implemented financial controls that included cash management, purchase ordering and reporting.

Transition of Services

- Our strategy was to initially stabilise the business and then to continue trading it for a short period until the services have fully transitioned to the third-party operator, Scape, through TC Services Limited.
- TCLL has continued to provide ongoing services under the Property Management Agreement and Asset Management Agreement during this period of transition and we continue to review sales performance reports for the operating assets.
- The transition process is largely complete with an orderly transfer of management services achieved. Certain existing roles of TCLL employees were retained to transition across to TC Services Limited (see later).

TCLL – Transition and Asset Realisations

We vacated the Group’s head office and have transitioned contracts, suppliers and key IT systems to TCS. We have made payments to suppliers to preserve continuity of service and have fully transitioned payments systems to TCS.

Landlord and Property

- We deployed several of our FTI team to the various operational and head office locations in the UK immediately after our appointments, in order to speak with employees and communicate the circumstances and purpose of the Administrations. Further communication was provided to residents occupying operating properties.
- We made arrangements to vacate the Group’s head office premises in Central London by 1 October 2021, with employees continuing to work remotely from home. The lease has been offered for surrender to the landlord and we notified the joint tenant of this action.
- We contacted owners of leased equipment to arrange for its collection.
- We appointed independent agents (SIA Group) to undertake valuations of the fixtures and fittings located in the head office of TCLL. The valuation determined that the costs of removing, storing and selling the items (and other costs of using the head office premises) would likely outweigh their value. It was therefore considered uneconomical to pursue a sale of these assets.

Transition of Suppliers and Contracts

- Our team worked with head office employees to implement the temporary additional controls that would be required whilst TCLL operated under our control.
- Payments were made to critical consultants to ensure that key services would continue to be supplied during the transition.
- Key suppliers were also identified by the TCLL management team and steps have been taken to preserve these critical supplies to the Group’s operating sites.
- A total of 78 critical supplier agreements were identified and an assessment was performed to determine which of these were required to be transitioned to TCS and which could be terminated.

- Key contracts between suppliers and TCLL for the main UK operating sites have now been novated to TCS or new agreements have been made with the relevant Group entities and the existing contracts have been terminated in order to mitigate any future claims or expenses being incurred by TCLL.
- The majority of suppliers who provided services to TCLL have transferred their relationship to TCS. Certain undertakings between TCLL and suppliers are still in place (e.g. merchant card providers), though it is expected these agreements will shortly be terminated now that UK operating assets have transferred to TCS.

IT and Systems

- A review of IT and system requirements was undertaken on appointment.
- A number of duress payments were made to contractors and suppliers, where necessary, to preserve continuity of operations and facilitate cooperation to support the transitions of services to TCS. These included payments made to secure ongoing support to maintain backend systems, the sales and marketing CRM software platform for the operating assets and to secure finance systems support during the transition.
- Payments were also made to other critical IT suppliers where it was identified that there was a risk of termination of service that would be detrimental to the operating assets or the transition of services. These included payments to maintain the IT Helpdesk, email systems, document storage, cloud services and payroll systems. The preservation of these services allowed us to fulfil our statutory duties in other respects e.g. maintaining and securing the Companies’ books and records.
- TCLL no longer engages the services of IT or other critical suppliers as these services have been fully transitioned to TCS.
- Payment systems previously administered by TCLL have also been fully transitioned to TCS.

TCLL – Transition and Asset Realisations

Contracts have been exchanged for the sale of the intellectual property and Collective brand to TC Manco Limited.

IT and Systems (continued)

- We arranged for the secure capture and deletion of data from IT equipment held by employees.
- We engaged with the telecoms provider and worked with TCS to novate mobile contracts for retained staff and terminate contracts for non-retained staff.
- The FTI Technology team performed a data download of the Companies' electronic books and records so that they can be accessed during the transition period and beyond.

Administration Funding and Reporting

- TCLL is a central services company historically funded by the Group. The initial funding of £3.9m in TCLL included some £785.7k for the purpose of continuing to trade the business and transition key services to TCS (Scape).
- This initial funding was an estimate of costs and expenses anticipated to be incurred during the first three weeks of the Administration from 15 September to 1 October 2021. The initial funding together with existing cash at bank (£608k swept to the Administration bank account) has been sufficient to cover Administration expenses to date and therefore no additional requests were made under the TCLL funding agreement.
- We provided Lenders with weekly reporting of Administration cash flows and expenses for the first 10 weeks of the Administration (as required by the funding agreement) and continue to report to Lenders on funding matters on a regular basis.
- Further information can be found in the Receipts and Payments section of our report in Appendix C.

Insurance

- On appointment we liaised with insurers to put open cover insurance in place to ensure that property and assets were appropriately insured, pending further review.

- A new Group insurance programme was arranged for certain operating and development assets in the UK where insurance was due to lapse on 1 November 2021.
- We continue to regularly monitor the suitability and appropriateness of the insurance cover in place.

Sale of Intellectual Property

- As joint administrators of TCLL, we exchanged contracts on the sale of the intellectual property and brand of 'The Collective' to TC Manco Limited. This included the registered IP, domain names, trade marks, social media accounts and the logo. The transaction would complete once certain condition precedents are met with a long stop date for completion on 15 September 2022.
- The Group Lenders have a fixed charge over the aforementioned assets and the sale of the IP is for £1 and a reduction in the Group Lenders' guarantee in TCLL for £100k.
- During the pre-Administration sales processes conducted by the investment bank and then subsequently by FTI, there were no offers received for the brand alone. During the Administration, again no offers were received for the brand on a standalone basis.
- No valuation was carried out on the brand, however from the previous sales processes and the offers received for the Group as a whole, the value was determined to be significantly less than the Group Lenders' debt. As the Lenders had a fixed charge over these assets (and had to consent to the transaction) we were comfortable on the value ascribed.
- However, shortly before issuing this report, the Lenders advised us that the completion of the sale to TC Manco Limited is no longer expected to take place. Should that be the case, the exchange of contracts and guarantee reduction will need to be reversed and we will discuss with the Lenders a sale of these assets to a different party.

TCLL – Dealing with Stakeholders and Creditors

Our work includes liaising with employees that were made redundant and with retained employees. We also responded to queries that we received from creditors and other stakeholders, to the extent reasonably possible.

Employees

- Shortly following TCLL having entered Administration, 39 of its 62 employees were made redundant and 23 employees were expected to transfer to TCS under TUPE.
- Of the 23 people retained, 19 successfully transferred to TCS. However, four employees refused to transfer, necessitating an immediate cessation of their employment (further detail below).
- P45s were generated and issued to the relevant employees shortly following their redundancy.
- ERA Solutions, who specialise in employee matters for insolvent companies, were instructed to assist us in managing employee matters. Specifically they have assisted with the following:
 - Aiding employees with the submission of their relevant claims;
 - Corresponding and providing required information to the Redundancy Payments Service; and
 - Dealing with queries in relation to the anticipated timing of payments.
- Retained staff transferred under TUPE to TCS on 8 October 2021. On that date, we (as administrators of TCLL) and TCS entered into a staff services agreement where TCS agreed to provide staff services to TCLL; the provision of which is due to expire on 14 September 2022.
- UK payroll and associated taxes and deductions due for the post-Administration period have all been settled, with the relevant filings and payments having been made to HMRC.
- Following agreement from the Secured Lenders, all outstanding pension contributions in relation to TCLL have been settled. This included the payment of contributions for August, September and October 2021 (up to the date of the employee transfer to TCS).

Creditors

- We gave notice of our appointment to creditors and other parties shortly after our appointment. We have maintained a record of the Companies' creditors and any claims submitted to us.
- We continue to respond to stakeholders and inbound inquiries from creditors of the Companies. Correspondence received (via mail direction following vacated of the head office) in relation to Group companies over which we are not appointed, is continually forwarded to the relevant directors or management of those entities.
- The directors' statement of affairs for TCLL states that HMRC is a preferential creditor. We have communicated with HMRC in respect of the Companies and have made payments in respect of post-appointment employee taxes. Further work is being performed by our tax team to complete the relevant Corporation Tax and VAT returns (see later).
- A regular dialogue has been held with the Companies' Secured Creditors and they have been frequently updated on Administration expenses, funding, transition and asset realisations.

HPL and TCLGL – Administration Progress

The appointment of joint administrators to HPL and TCLGL has provided the necessary control and funding support for subsidiary companies, helped to preserve value and facilitated the realisation of certain Group assets.

Strategy

- In addition to the continuation of the TCELL services, it was established that our appointment as joint administrators of TCLGL and HPL would:
 - provide the ability to implement changes to the board of directors in HPL and certain of the AssetCos;
 - allow funding to HPL to be used to provide targeted support to subsidiary companies in order to protect and preserve value; and
 - facilitate support for the realisation of the Group’s joint venture interests and assessment of options to maximise value in the Group’s UK assets.

Harewood Properties Limited

- Following our appointment, Nicholas Pike of Pike Restructuring Limited was appointed as an independent director of HPL, which then enabled similar board changes to take place in certain entities in the Group.
- A funding agreement was put in place between Harewood Properties Limited as borrower, ourselves as joint administrators and TCS as the lender, as there were known to be insufficient funds to meet Administration expenses.
- In the period to 15 March 2022, total funding of £6.7m has been provided to HPL under the agreement. This funding is subject to 5% annual PIK interest from the date the funding is provided, which is additional to the £6.7m noted above. These funds included the initial funding for Administration Expenses, but have principally been provided to meet obligations of other Group companies, including:
 - working capital funding for Group entities to fund operational expenditure and third-party interest costs;
 - payments to the legal advisors of the Lenders and their security agent and other associated advisors; and
 - payments for company secretary and director services.
- Further details are provided in the Receipts and Payment account in Appendix C.

The Collective (Living) Group Limited

- TCLGL has met its Administration expenses in the period to 14 March 2022 through funding from HPL.
- Administration expenses have consisted of payments for director services to the Group (Pike Restructuring Limited) and associated legal costs.
- Further details are provided in the Receipts and Payment account in Appendix C.

Asset Realisations

- The key assets owned by TCLGL and HPL are interests in subsidiary undertakings and intercompany loans. As the administrators of HPL and TCLGL, we have continued to consider options for the Group, in conjunction with the various key stakeholders, including the Secured Creditors.
- The assets that are held within the subsidiary companies of the Group remain under the control of their directors. The Secured Creditors have assessed the value of underlying assets in subsidiaries and where they believed value is in excess of the AssetCo debt, they have initiated a number of fixed charge receiverships through security enforcement.
- In this asset realisation strategy, the Secured Creditors have funded an acquisition vehicle in order to acquire several of the Group's assets. To date the following assets have been acquired in this manner:
 - Canary Wharf (UK operating site)
 - Old Oak (UK operating site)
 - Blackhorse lane (UK development site)
 - Hackney Wick (UK development site)
- We have summarised these processes overleaf, together with details of two further administration appointments involving the sale of Group assets.

Realising Group Assets

The Administrations have provided a platform to enable the realisation of a number of assets across the wider Group through Fixed Charge Receivership and Administration appointments.

Fixed Charge Receiverships

- The Secured Creditors have made several fixed charge receivership appointments across the Group during the period covered by this report.
- Insolvency practitioners from FTI Consulting LLP were appointed receivers over the Lenders’ secured interests in shares and partnership assets of the following entities:

Entity	Relevant Assets	Property
The Collective Finco Group Limited	Membership interests in TCOO Partners LLP	Old Oak
	Membership interest in TC Liesenbrucken LLP	Liesenbrucken
Uyuni Investments Jersey Limited	Membership interests in TCF Partners 1 LLP	Hackney Wick
	Membership interest in TC Liesenbrucken LLP	Liesenbrucken
The Collective BHL 1 Limited	Shares in The Collective BHL 2 Limited	Blackhorse Lane
TCCW Finco Group Limited	Membership interests in TCCW Partners 2 LLP	Canary Wharf

- All of the above assets and interests were sold to TCS, except for the partnership interests in TC Liesenbrucken LLP.
- Frasers Real Estate was also appointed by the underlying asset lender (EVH Finance) on the properties owned by The Collective Dome Properties Limited. The fixed charge receiver has subsequently sold those properties to a third party and an amount is due to The Collective Dome Properties Limited. On appointment of the receivers, the Property Management Agreement with The Collective (Living) Limited was terminated.

Administration – TC Revalerstrasse LLP (“TCR”)

- The members of TCR appointed us as joint administrators over TC Revalerstrasse LLP on 19 November 2021 at which point its principal assets (being the 50% ownership of MPTC S.à.r.l and intercompany receivables) were sold to the unconnected joint venture partner via a pre-pack transaction for a sale consideration of €516,995.90. The purchaser also repaid an intercompany debt owed from MPTC S.à.r.l to TOLL of €33,004.10 (paid to TOLL as shown on the enclosed Receipts and Payment account).
- The net sale proceeds received by TCR are distributable under fixed charge security to the Secured Creditors only, subject to deduction of the expenses of the TCR administration. Consequently, there will be no dividend for any other class of creditor of TCR.
- Proposals for achieving the purpose of the TCR administration and a SIP16 Statement containing details of the transaction (both dated 26 November 2021) were submitted to Companies House within seven days of our appointment over TCR. The proposals were deemed approved on 9 December 2021.

Administration – TCF Partners 2 LLP (“TCF”)

- The members of TCF appointed us as joint administrators over TCF Partners 2 LLP on 31 January 2022, at which point the principal assets of the Partnership (being the 50% ownership of FFM Gutleut 332 Sarl and intercompany receivables) were sold to an unconnected affiliate of the joint venture partner via a pre-pack transaction for a sale consideration of €1.75 million.
- Net proceeds from the sale received by TCF will ultimately be for the benefit of the Secured Creditors as the Group Facility Agreement is secured by way of a guarantee over the assets of TCF. Distributions directly to the Secured Creditors are expected to represent less than 1% of their current indebtedness in the Group.
- Similar to the above, proposals and a SIP16 Statement (both dated 4 February 2022) were submitted to Companies House within seven days of our appointment over TCF. The proposals were deemed approved on 16 February 2022.

Managing the Companies' Affairs

Our appointments require us to manage certain of the Companies' affairs, particularly in respect of corporation tax and VAT.

Corporation Tax

- Pre-appointment corporation tax ("CT") returns for TCLL are required for the periods ended 31 March 2020, 31 December 2020 and 14 September 2021.
- Pre-appointment CT returns for TCLGL and HPL are required for the periods ended 31 December 2020 and 14 September 2021.
- The information required to prepare the returns has been provided to our tax specialists and all the pre-appointment returns are currently being drafted for submission shortly. Any pre-appointment CT liabilities will be identified when the CT returns are submitted, but will rank as unsecured claims in the entity to which they relate.
- A further return will be required for the period ended 14 September 2022. The information required to prepare the returns will be provided to our tax team once the period has ended.

VAT (TCLL only)

- Post-appointment VAT returns have been submitted for all periods up to 31 January 2022 for TCLL. Neither TCLGL nor HPL are registered for VAT.
- Advice was received from our internal VAT specialists on the sale of the intellectual property asset and the relevant VAT will be accounted for on the appropriate return.
- Certain VAT information is still required to enable the submission of the pre-appointment VAT returns and this has been requested from management.

Intellectual Property Sale (TCLL only)

- The proposed sale of the IP was reviewed and agreed for VAT purposes to constitute a barter transaction. The barter being the sale of the IP in return for the obtaining the release of the guarantee.
- For VAT valuation purposes the sale of the IP was agreed to be the value of the guarantee release (£100k) plus the nominal cash consideration (both subject to VAT).

- The value of the buyer's supply of obtaining the release was agreed to be the guarantee release (£100k) plus VAT. Therefore as a result of the barter, the VAT between the parties was offset other than for the cash consideration amount.
- However, as noted earlier, this transaction is now not expected to proceed, and negotiations with a different party will be required.

Cash, Accounting and Books and Records

- An account of our receipts and payments for the period covered by this report is provided at Appendix C. Monthly bank reconciliations have been performed for all Administration bank accounts.
- The FTI Technology team has obtained a data download of the Companies' electronic books and records, including email records of the management team and data in respect of Group accounting and legal records.
- Group accounting continues to be managed by the Collective Finance team that transferred to TCS on 8 October 2021. These services are provided under the staff services agreement with TCS.
- Books and records for the operating sites are largely held and maintained by the local property finance teams. The Collective Finance team administers financial information for the remaining Group sites.
- As noted in our Proposals dated 5 November 2021, we recovered the cash balances held in the Companies' pre-Administration bank accounts. In TCLL, some £608k was received, representing the residual balance of funding provided by the Secured Creditors to ensure the continuity of the business during the attempted sale process. The cash balance has been utilised to meet Administration expenses (mitigating the funding request to the Lenders) and any remaining cash balance will be used to repay the funding received from the Secured Creditors and TCS in respect of the costs of the Administrations.

Managing the Companies' Affairs

We provide regular updates to key stakeholders and respond as appropriate to queries received from creditors, shareholders and others.

Stakeholder Management

- In the period, we have provided regular updates to the Secured Creditors who have the principal financial interest in the Administrations.
- We have also supported the Secured Creditors in respect of their Group-wide asset recovery strategy, to the extent possible and appropriate for our role as joint administrators of the Companies.
- We also continue to respond to ad hoc shareholder and creditor queries and inbound inquiries from customers of the operating assets and suppliers to the development assets.
- Following vacation of the leasehold property, we put in place a postal redirection service to our offices and we continue to distribute correspondence addressed to Group companies and their directors on a bi-weekly basis. The majority of incoming mail relates to companies over which we have not been appointed.

Duration of the Transition Period

- Our initial strategy envisaged the trading of TCLL for a period of 10 weeks, to stabilise the business and transition services to TCS.
- However, delays to anticipated transactions has meant we have been unable to move the Administrations towards closure. We are working towards finalising the remaining transition work after which we are still likely to remain as administrators until all transactions envisaged by the Secured Creditors have been completed.



Statutory Matters

Statutory Matters

We have complied with the requirements to report to the Secretary of State on the conduct of the directors and to obtain approval of our Proposals and remuneration for acting as joint administrators.

Directors' Conduct and Investigations

- We had a duty to investigate the affairs of the Companies to establish if there were any actions that could be pursued for the benefit of creditors as a whole and also to review the conduct of the directors.
- On 14 December 2021, we submitted a confidential report to BEIS regarding the conduct of all directors and shadow directors who were in office during the three years before the Administrations of TCLL, TCLGL and HPL.
- Based on the information provided in the report, confirmation was received that the Secretary of State does not propose to take any further action in regards to any of the Companies.
- Should any additional information come to light in the normal course of our work that we believe is relevant to the above, we will report to BEIS and conduct further investigations as appropriate.

Directors' Statement of Affairs

- On 22 October 2021, we received the statement of affairs for TCLL, signed by Jai Madhvani. On 25 October 2021, we received statements of affairs for TCLGL and HPL, signed by Reza Merchant.
- The statements of affairs were filed with the Registrar of Companies on 17 November 2021.

Proposals Approved

- Our proposals for achieving the purpose of the Administrations (dated 5 November 2021) were deemed approved 17 November 2021 and the notices of such approval were submitted to Companies House shortly thereafter.

Fee Approval

- Under a commercial arrangement with the Secured Creditors, TCS is providing funding to the Administrations as there are insufficient realisations from the Companies assets to discharge the anticipated costs and expenses, including our remuneration.
- Given the circumstances, the Secured Creditors are the only class of creditor with a financial interest in the conduct of the Administrations. Therefore, in our Proposals we necessarily made a statement under Paragraph 52(1)(b) of Schedule B1, meaning that the basis of our remuneration is determined by the Secured Creditors in these Administrations.
- As reported in our Proposals, we had agreed in principle with the Secured Creditors to seek approval for our remuneration to be determined as a set amount (a fixed fee).
- After the approval of our Proposals and in the absence of a creditors' committee, we sought such approval and received consent on 19 November 2021.
- At the same time, the Secured Creditors approved that the pre-Administration costs of £120,457 (as set out in our Proposals), could be paid as an expense of the TCLL administration. As shown in the Receipts and Payments account in Appendix C, an amount of £90,665 has been paid by us. The balance of £30k has been settled from a balance arising from a true-up exercise relating to pre-Administration billing and therefore does not need to be paid as an expense of the Administration.
- Further information on our remuneration can be found in Appendix D.

Extending and Ending the Administrations

We continue to work towards completing the transition of TCLL’s services to TCS but expect that it will be complete (and the Administrations capable of being ended) prior to their anniversary in September 2022.

Extending the Administrations

- Insolvency legislation sets a 12-month maximum duration for administrations, unless the duration is extended by the Court or the creditors.
- We remain in office as administrators for the following key reasons:
 - the Administration appointments continue to provide Secured Creditors with a stable platform to assess the value of remaining assets within the Group;
 - we continue to assist Secured Creditors with the realisation of development sites within the Group and assist TCS with its trading of the remaining operating sites; and
 - suppliers continue to engage with TCLL in respect of historic contracts required to deliver the transition of managed services to TCS.
- The 12-month maximum period ends in September 2022 and it is anticipated that the Administration strategy will be complete by that time. Should that not be the case, we will either apply to the Court, or seek a decision from the relevant class of creditors to extend the duration of one or more of the Administrations.

Ending the Administrations

- We do not expect there to be a dividend available for any preferential creditors or the unsecured creditors of any of the Companies and therefore the most likely exit route for each Administration continues to be the filing of a notice of dissolution with the Registrar of Companies. Such a notice results in automatic dissolution by the Registrar of Companies three months after the notice is registered.
- If there are matters remaining that require the attention of a liquidator, the Administration may end by the presentation of a winding up petition to the Court for the compulsory liquidation of the Company and the appointment of one of the joint liquidators of the Company by the Court.
- With regards to HPL, the filing requirements will be those relevant to Jersey registered companies.

Discharge from Liability

- Pursuant to Paragraph 98 of Schedule B1, our discharge from liability in respect of our actions as joint administrators of each of the Companies takes effect at the specific time appointed by either the court, the creditors (either via any creditors’ committee or by decision of the creditors) or, in specific circumstances, by the secured and (if appropriate) preferential creditors.
- In this case, we will be discharged from liability in respect of any of our actions as administrators at a time decided by the Secured Creditors, or by an order of the Court.



Estimated Outcomes for Creditors

Estimated Outcome for Creditors

The Administrations are being separately funded as the Companies have insufficient realisable assets to discharge costs of the processes. Consequently, no dividends are expected to any class of creditor.

Key Message

- We do not expect to pay a dividend to any class of creditors, since the Administrations are being separately funded by TCS. There will be insufficient assets to repay the non-recourse funding in full.

Secured Creditors

- The Group Facility Agreement is secured by way of a debenture creating fixed and floating charges over the assets of the Companies as well as other Group entities. It also benefits from a comprehensive net of guarantors across the Group.
- We have set out the amount owed to Secured Creditors in the adjacent tables per the directors' statements of affairs. Since that date, accrued interest and default interest has been charged to the facilities increasing the total amount owed to £114m (as agreed with the Security Agent).
- It is not expected that Secured Creditors will make recoveries from the realisation of assets in the Companies, however the continuation of the central services function in TCLL and director appointments at holding company levels, has provided a platform for the Secured Creditors to recover value under their security entitlements elsewhere in the Group. We set out earlier the transactions delivered to date.
- Such transactions will allow Secured Creditors to achieve a reduction in indebtedness under the Group facilities, for example, distributions from the Liesenbrucken fixed charge receivership and pre-pack sales. The exact quantum of these distributions after relevant expenses will be known in due course.
- The sale of the intellectual property and brand by TCLL was expected to result in a reduction in the Lenders' guarantee in TCLL for £100k. However, as noted earlier, this transaction is not now expected to complete and negotiations with a different party will be required; with no guarantee reduction until the intellectual property is sold.
- The Canary Wharf and Old Oak operating sites and Hackney Wick and Blackhorse Lane development sites were sold for nominal consideration. The Lenders will therefore only realise value from any subsequent sale of these assets, which we are not involved in.

TCLGL Creditor Class	Amount Owed	Estimated Recovery	Timing of Payment
■ Secured Creditors	£107.5m	0 %	n/a
■ Preferential Creditors	£nil	0 %	n/a
■ Unsecured Creditors	£47.7m	0 %	n/a

HPL Creditor Class	Amount Owed	Estimated Recovery	Timing of Payment
■ Secured Creditors	£107.5m	0 %	n/a
■ Preferential Creditors	£nil	0 %	n/a
■ Unsecured Creditors	£40.5m	0 %	n/a

TCLL Creditor Class	Amount Owed	Estimated Recovery	Timing of Payment
■ Secured Creditors	£107.5m	0 %	n/a
■ Preferential Creditors	£2.3m	0 %	n/a
■ Unsecured Creditors	£66.2m	0 %	n/a

Please note that this guidance is only an indication and should not be used as the main basis of any bad debt provision. The amounts indicated as owing to the secured creditors are calculated exclusive of make-whole costs.

Estimated Outcome for Creditors

Given the insufficient level of assets and necessity for third-party funding of the Administrations, there will be no dividend to preferential creditors, unsecured creditors or the Companies' shareholders.

Preferential Creditors

- TCLL was the only company of the three that had employees at the time of our appointment. Similarly, it is the only one with debts payable to HMRC that could rank preferentially.
- A number of employees have transferred to a new employer, thereby reducing the value of preferential claims. Therefore, the estimate for preferential claims includes only those employees that have been made redundant.
- The only material realisable assets in TCLL are the cash balances held in the Companies' pre-Administration bank accounts, as shown in Appendix C. In TCLL, some £608k was received, representing the residual balance of funding provided by the Secured Creditors to ensure the continuity of the business during the sale process.
- Under the terms of the Administration funding agreement, the borrower (TCLL) is required to repay the loan commitment to the extent that funds are available, on or before the date on which we cease to act. The obligation to repay the loan ranks as an expense of the Administration, though it is noted that this obligation is subordinated in priority to all other Administration expenses including our remuneration.
- As such, any cash balances will be utilised to repay (to the extent possible and necessary) the funding received from the Secured Creditors and TCS in respect of the costs of the Administrations. Therefore, it is not expected that there will be surplus funds available to make a distribution to preferential creditors.

Unsecured Creditors






- Given the insufficient level of assets, costs of the Administrations and (in TCLL) prior-ranking preferential claims, there will be no dividend to the unsecured creditors in any of the Companies, via the Prescribed Part or otherwise.
- Similarly, there will be no return to any of the Companies' shareholders.



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 style="text-align: center;">Property</p> 	<p style="text-align: center;">Company Affairs</p> 	<p style="text-align: center;">Tax</p> 	<p style="text-align: center;">Distributions</p> 	<p style="text-align: center;">Winding down</p> 
Work Required	<ul style="list-style-type: none"> Assist in selling the final development and operating sites within the group in the UK, US and Germany, to the extent possible and appropriate for our role. Continue to help trading the remaining operating sites within the Group. 	<ul style="list-style-type: none"> Administering the affairs of the Companies while they continue to be in Administration, including cashiering, maintaining creditor information, liaising with directors of Group companies, liaising with Companies House and responding to ad hoc queries from creditors and shareholders. 	<ul style="list-style-type: none"> Submission of pre-appointment CT returns for TCLL, TCLGL and HPL. Submission of pre and post appointment VAT returns for TCLL. 	<ul style="list-style-type: none"> The Administrations are being separately funded as the Companies have insufficient realisable assets to discharge costs of the processes. Consequently, no dividends are expected to any class of creditor. TCLL will however partially repay the loan commitment under the funding agreement. 	<ul style="list-style-type: none"> Progress any other matters required to wind-down the Companies' affairs generally prior to the Administrations concluding and the Companies being dissolved.
Timing	<ul style="list-style-type: none"> We expect to progress all sales over the next six-months, in advance of the anniversary of the Administrations. 	<ul style="list-style-type: none"> Management of the Companies affairs will continue periodically whilst we remain in office. We continue to report to Secured Creditors on a regular basis. 	<ul style="list-style-type: none"> CT and VAT returns must be submitted in line with HMRC deadlines. 	<ul style="list-style-type: none"> Repayment of the Administration funding loan commitment on or before the date on which the administrators cease to act. 	<ul style="list-style-type: none"> We are looking to conclude the Administrations ahead of their anniversary in September 2022.



Appendix A: Statutory Information

Statutory Information

Company Information	The Collective (Living) Group Limited	Harewood Properties Limited	The Collective (Living) Limited
Previous name:	No previous names	No previous names	Share in the City Ltd (until 13 April 2018)
Trading name:	Non-trading parent company	Non-trading intermediate holding company	"The Collective"
Company number:	12441000	97431 (Jersey registered)	07271022
Date of incorporation:	4 February 2020	14 May 2007	2 June 2010
Trading address:	Non-trading company	Non-trading company	14 Bedford Square, London, WC1B 3JA
Current registered office:	c/o FTI Consulting LLP, 200 Aldersgate Aldersgate Street, London, EC1A 4HD	3rd Floor, 44 Esplanade, St. Helier, JE4 9WG, Jersey	c/o FTI Consulting LLP, 200 Aldersgate Street, London, EC1A 4HD
Former registered office:	14 Bedford Square, London, WC1B 3JA	n/a	14 Bedford Square, London, WC1B 3JA
Principal trading activity:	Non-trading parent company	Non-trading intermediate holding company	Other letting and operating of own or leased real estate
Administrators:	Matthew Boyd Callaghan, Andrew James Johnson and Lisa Jane Rickelton	Matthew Boyd Callaghan, Andrew James Johnson and Lisa Jane Rickelton	Matthew Boyd Callaghan, Andrew James Johnson and Lisa Jane Rickelton
Administrators' address:	200 Aldersgate, Aldersgate Street, London, EC1A 4HD	200 Aldersgate, Aldersgate Street, London, EC1A 4HD	200 Aldersgate, Aldersgate Street, London, EC1A 4HD
Date of appointment:	15 September 2021	16 September 2021	15 September 2021
Court name and reference:	CR-2021-001677	CR-2021-001681	CR-2021-001676
Appointment made by:	GLAS Trust Corporation Limited	GLAS Trust Corporation Limited	GLAS Trust Corporation Limited
Estimated Value of Net Property and Prescribed Part *	Nil / Nil	Nil / Nil	Nil / Nil

* We do not propose to make an application to the court under Section 176A(5) IA86 (for the Prescribed Part to be disapplied) because no Prescribed Part funds are expected as there is insufficient Net Property in all of the Companies.

Statutory Information

Company Information	The Collective (Living) Group Limited	Harewood Properties Limited	The Collective (Living) Limited
<ul style="list-style-type: none"> Actions of Administrators for the purposes of Paragraph 100(2) Schedule B1 	<ul style="list-style-type: none"> The Joint Administrators may exercise any of the powers conferred on them by the IA86 jointly or individually. 	<ul style="list-style-type: none"> The Joint Administrators may exercise any of the powers conferred on them by the IA86 jointly or individually. 	<ul style="list-style-type: none"> The Joint Administrators may exercise any of the powers conferred on them by the IA86 jointly or individually.
<ul style="list-style-type: none"> Registered Officers of the Company: 	<ul style="list-style-type: none"> Mohammed Reza Aslam Merchant Stephen Townsend Conley, Jr Paul Gardi Jonathan Teklu 	<ul style="list-style-type: none"> Mohammed Reza Aslam Merchant 	<ul style="list-style-type: none"> Mohammed Reza Aslam Merchant
<ul style="list-style-type: none"> Company Secretary: 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None
<ul style="list-style-type: none"> Shareholdings held by the directors and company secretary: 	<ul style="list-style-type: none"> Mohammed Reza Aslam Merchant (67.8%) Stephen Townsend Conley, Jr (0.7%) Paul Gardi (2.5%) Jonathan Teklu (1.4%) 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
<ul style="list-style-type: none"> Share Capital: 	<ul style="list-style-type: none"> Authorised: 1,388,889 ordinary shares GBP 0.00001 each Allotted, called up and fully paid: 1,388,889 ordinary shares of GBP 0.00001 each 	<ul style="list-style-type: none"> Authorised: 100,000,000 ordinary shares GBP 1.00 each Allotted, called up and fully paid: 100,000,000 ordinary shares of GBP 1.00 each 	<ul style="list-style-type: none"> Authorised: 12,417,341 ordinary shares GBP 0.00001 each Allotted, called up and fully paid: 12,417,341 ordinary shares of GBP 0.00001 each
<ul style="list-style-type: none"> EU Regulation on Insolvency Proceedings: 	<ul style="list-style-type: none"> We consider that these are proceedings to which the EU Regulation (as defined in IR16) as it has effect in the law of the UK, does not apply. This is because the company is a UK-incorporated company and was therefore placed in Administration under UK domestic law and not in reliance on the EU Regulation. 	<ul style="list-style-type: none"> We consider that these are COMI proceedings as defined in IR16. This is because the company is not incorporated in an EEA state but has its COMI in the UK. 	<ul style="list-style-type: none"> We consider that these are proceedings to which the EU Regulation (as defined in IR16) as it has effect in the law of the UK, does not apply. This is because the company is a UK-incorporated company and was therefore placed in Administration under UK domestic law and not in reliance on the EU Regulation.



Appendix B: Legal Notices

Legal Notices

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

Agents of the Companies

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

Information on Creditors' Rights

- Information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>.
- Details about how an office-holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at www.fticonsulting.com/emea/cip/forms-and-information. Please refer to the version "Guide to Administrators Fees April 2021 England Wales".

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>

Provision of Services Regulations

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

Insolvency Code of Ethics

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

About this report

- This report has been prepared by the Joint Administrators solely to comply with their statutory duties under insolvency law and regulation. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of (or any financial interest in) the Companies.
- Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act 1986 and Insolvency (England and Wales) Rules 2016, does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.
- Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.



Appendix C: Receipts and Payments

Receipts and Payments Account (TCLL)

For the period 15 September 2021 to 14 March 2022

GBP		Statement of Affairs (Estimated to Realise)	From 15-Sep-21 To 14-Mar-22
		£	£
Funding Receipts			
Funding for Trading Expenses	3	-	803,201
Funding for Administration Expenses		-	3,075,490
Secured Creditor Commitments	4	-	(172,252)
Trading Surplus/(Deficit) - see opposite			(544,561)
Net Funding Balance		-	3,161,878
Floating Charge Receipts			
Bank Interest Gross		-	305
Cash at Bank	5	-	609,803
Intercompany Receivables	6	-	27,081
Other Sundry Refunds		-	891
Office and Computer Equipment	7	1,000	-
Subtotal		1,000	638,080
Floating Charge Payments			
Bank Charges		-	(94)
IT Expenses		-	(10,475)
Legal Fees		-	(89,202)
Pre-Administration Costs		-	(90,665)
Re-Direction of Mail		-	(385)
Statutory Advertising		-	(184)
Subtotal		-	(191,005)
Floating Charge Surplus/(Deficit)		1,000	447,074
Net Receipts and Payments		1,000	3,608,952

Trading Statement	From 15-Sep-21 To 14-Mar-22
	£
Income	-
Direct Costs	
Direct Labour	418,811
Direct Expenses	817
Subtotal	419,628
Trading Expenditure	
Rents	19,324
Heat & Light	522
Bank Charges	99
Ransom Payments	97,562
Employee Expenses	200
Agent's Fees	7,225
Subtotal	124,933
Trading Deficit	544,561
Made Up As Follows	
VAT Receivable	50,524
Floating Charge Account	3,558,428
Total	3,608,952

Notes to the Receipts and Payments Account (TCLL)

For the period 15 September 2021 to 14 March 2022

Notes to the Account

1. All amounts are shown net of VAT, unless otherwise stated. Duress (ransom) payments include VAT.
2. The trading statement is prepared on a cash basis and therefore does not necessarily represent the actual trading position for the period shown.
3. Funding for OpCo (trading) expenses is comprised of:
 - the initial funding (£785,700, being the estimate of costs and expenses anticipated to be incurred by the borrower for providing the initial transitional services); and
 - employee costs recharged to other Group entities (payroll in the amount of £98,635) less a partial refund payment to Lenders pursuant to the funding agreement (£81,134).
4. Secured Creditor Commitments includes an August 2021 pension contribution payment to Scottish Widows funded by the Secured Creditors. Subsequent payments for September and October 2021 pension amounts are also included in this category for consistency, however an element of these relates to the post-appointment period and could alternatively be shown as a trading expense. In any event, all pension amounts were funded by the Secured Creditors.
5. Cash at Bank represents swept cash from NatWest accounts, which at the appointment date was holding the remainder of the Facility C funding provided by the Secured Creditors during the attempted (pre-Administration) sale process that ensured continuity of the business.
6. Full and final settlement of intercompany debt owed by TC Revalerstrasse LLP to TCLL (converted from €33k).
7. Office and Computer Equipment is categorised as a fixed charge asset in the directors' Statement of Affairs, though given the nature of the asset we have recognised the asset as floating charge in this account. In any event, we do not expect to make any realisations from this asset for the reasons explained earlier.

Receipts and Payments Account (TCLGL)

For the period 15 September 2021 to 14 March 2022

GBP	Statement of Affairs (Estimated to Realise)	From 15-Sep-21 To 14-Mar-22
	£	£
Funding Receipts		
Funding for Administration Expenses	2	14,510
Funding Received (Other)	3	184,965
Secured Creditor Commitments	-	(184,995)
Net Funding Balance		14,480
Floating Charge Receipts		
Bank Interest Gross	-	2
Cash at Bank	-	5,000
Subtotal		5,002
Floating Charge Payments		
Irrecoverable VAT	4	(437)
Statutory Advertising		(184)
Insurance		(2,000)
Bank Charges		(30)
Subtotal		(2,621)
Floating Charge Surplus/(Deficit)		2,381
Net Receipts and Payments		16,861
Made Up As Follows		
Floating Charge Account		16,861
Total		16,861

Notes to the Account

1. All amounts are shown net of VAT, unless otherwise stated. The Company is not VAT registered and therefore VAT is not recoverable.
2. Includes initial funding amounts plus additional intragroup funding from TCLL for insurance and statutory advertising costs.
3. Comprised of funding from HPL for professional fees.
4. Irrecoverable VAT is comprised of £400 in relation to insurance (broker advice), with the remaining £37 relating to statutory advertising payments.

Receipts and Payments Account (HPL)

For the period 16 September 2021 to 15 March 2022

GBP	Statement of Affairs (Estimated to Realise)	From 16-Sep-21 To 15-Mar-22
	£	£
Funding Receipts		
Funding for Administration Expenses	2	60,000
Funding Received (Other)	2	6,741,519
Funding Transfer to TCLGL		(244,965)
Secured Creditor Commitments	3	(6,430,796)
Net Funding Balance		125,758
Floating Charge Receipts		
Bank Interest Gross	-	22
Cash at Bank	-	12,785
Subtotal		12,808
Floating Charge Payments		
Bank Charges		(34)
Statutory Advertising		(184)
Subtotal		(218)
Floating Charge Surplus/(Deficit)		12,590
Net Receipts and Payments		138,348
Made Up As Follows		
Bank 1 Current		138,348
Total		138,348

Notes to the Account

1. All amounts are shown net of VAT, unless otherwise stated. The Company is not VAT registered and therefore VAT is not recoverable.
2. Amount received from TCS and the Secured Creditors to fund costs of the Administration, payments on behalf of Group companies and related commitments made by the Secured Creditors.
3. Includes payments made on behalf of Group companies, TCS or the Secured Creditors which are not expenses of the Administration. Payments to date include £2.5m of funding to facilitate the acquisition of a partner's 50% interest in a joint venture known as Hackney Wick. This was part of a deferred consideration arrangement that was entered into by a Group company before the administration date. This meant that the Group company would own 100% of the Hackney Wick development and the Secured Creditors believed the purchase would improve their overall outcome. Also included is funding provided to other Group entities including Paper Factory, Old Oak and Domes to meet operational expenditure funding needs and third party lender interest costs.



Appendix D: Joint Administrators' Remuneration and Expenses

Joint Administrators' Remuneration and Expenses

The basis and quantum of our remuneration was set out in our Proposals and has now been approved by the Secured Creditors.

Proposed Basis of Remuneration

- Under a commercial arrangement with the Secured Creditors, TCS is providing funds to the Administrations as there will not be sufficient realisations from the Companies assets to discharge the anticipated costs and expenses of the process.
- Given the circumstances, the Secured Creditors are the only class of creditor with a financial interest in the conduct of the Administrations and our remuneration for acting as joint administrators is determined only by the Secured Creditors, in the absence of a creditors' committee.
- As part of negotiating the necessary funding for the Administrations and in order to give the Secured Creditors a degree of certainty in respect of our remuneration, we proposed (and the Secured Creditors agreed) that our remuneration would be determined as a set amount (a fixed fee).
- It was also proposed that disbursements for services provided by our firm (defined as Category 2 expenses in SIP9) would be charged as per our firm's policy.

Requirement for Fee Approval

- When a company enters a formal insolvency process under the control of an insolvency practitioner, the costs of the proceedings are paid out of the assets of the company and include the insolvency practitioner's fees and expenses.
- We must seek approval to the basis of our fees and certain categories of expenses before they are paid. Approval must be sought from the appropriate class(es) of creditors or the court, as determined by insolvency law and the circumstances of the case.
- In this case, the basis of our fees and expenses will be fixed by the Secured Creditors.

Fee Approval

- On 19 November 2021, the fixed fee basis and its quantum were approved by the Security Agent (GLAS) on behalf of the Secured Creditors.
- The approval confirmed that:
 - our remuneration was determined as a set amount equating to £3.138m (plus VAT)
 - the set amount to be allocated to the Companies is as follows:
 - The Collective (Living) Group Limited: £10,000 plus VAT
 - Harewood Properties Limited: £50,000 plus VAT
 - The Collective (Living) Limited: £3,078,000 plus VAT
 - unpaid pre-administration costs of £120,457 plus VAT can be paid as an expense of the Administration of The Collective (Living) Limited.
- The amount we actually draw as remuneration will be lower than the amounts stated above and depends on the level of expenses (including certain legal costs) that must also be discharged from the funding.

Joint Administrators' Remuneration and Expenses

Further details of our work in the Administrations and any financial benefit for creditors is set out in the table below.

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

Joint Administrators' Remuneration and Expenses

Further details of our work in the Administrations and any financial benefit for creditors is set out in the table below.

Category	Description	Rationale/Benefit to Creditors
Realisation of Assets	<ul style="list-style-type: none"> ■ Conducting the sale of the Intellectual Property and Brand of The Collective to TC Manco Limited. This includes the registered IP, domain names, trade marks, social media accounts and the logo. Shortly before issuing this report, the Lenders told us the sale would now not be completing to TC Manco Limited and therefore a new buyer will need to found. ■ The trading of TCLL and continuation of the central services function to provide a platform for the Secured Creditors to recover value under their security entitlements elsewhere in the wider Group. ■ Liaising with the Companies' bankers regarding pre-appointment accounts and arranging for periodic transfers of funds and arranging the subsequent closure of these accounts after cash swept to Administration bank accounts. ■ Liaising with insurers. 	<ul style="list-style-type: none"> ■ Identify, assess and seek to realise value for creditors.
Property	<ul style="list-style-type: none"> ■ Ensuring appropriate insurance was in place over property and assets. ■ Regularly monitoring the suitability and appropriateness of the insurance cover in place. ■ Handling the surrender of the HQ office lease at 14 Bedford Square, London. Ongoing communication with the Landlord with regard to the Administration. ■ Conducting investigations into the assets and office equipment located at HQ office. 	<ul style="list-style-type: none"> ■ Minimise cost to creditors through early exit of property commitments.
Creditors	<ul style="list-style-type: none"> ■ Managing employee claims. Corresponding with employees regarding their claims. ■ Completing documentation for submission to the Redundancy Payments Service. ■ Liaising with third party providers instructed on the case to assist in dealing with employee payroll and claims. ■ Dealing with creditor correspondence, emails and telephone conversations regarding their claims. ■ Maintaining up to date creditor information on the case management system and filing proofs of debt received from creditors. ■ Managing the transfer of supplier relationships and contracts from TCLL to TCS. 	<ul style="list-style-type: none"> ■ Statutory requirements and required for orderly case management. ■ Facilitating the transition of managed services to TCS for the benefit of the Secured Creditors.

Joint Administrators' Remuneration and Expenses

Further details of our work in the Administrations and any financial benefit for creditors is set out in the table below.

Category	Description	Rationale/Benefit to Creditors
Tax	<ul style="list-style-type: none"> ■ Preparing and filing VAT returns for TCLL. ■ Preparing and filing both pre and post appointment Corporation Tax returns. ■ Obtaining and reviewing tax advice in respect of transactions. 	<ul style="list-style-type: none"> ■ Statutory requirements, but necessary to ensure tax is accounted for accurately and on time to ensure no financial detriment to creditors.
Reporting	<ul style="list-style-type: none"> ■ Preparing, reviewing and issuing Proposals to the creditors and members. ■ Filing the Proposals at Companies House. ■ Reporting to the Lenders on the progress of the Administrations. ■ Reporting to the Lenders on the cash flow and Administration funding. ■ Preparing, reviewing and issuing six-monthly progress reports to creditors. ■ Filing progress reports at Companies House. 	<ul style="list-style-type: none"> ■ Required by statute and to inform creditors on the progress of the Administrations.
Technology	<ul style="list-style-type: none"> ■ The FTI Technology team obtained a data download of the Companies' electronic books and records. 	<ul style="list-style-type: none"> ■ Compliance/legal requirement and to assist in any investigations into the Companies' affairs.

Expenses of the Administrations

Costs are necessarily incurred by the Companies and ourselves during the course of the Administrations. Certain categories of these costs must be approved in the same manner as remuneration prior to payment.

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.
 - These expenses are payments to independent third parties where there is specific expenditure directly referable to the case. The type of disbursements that may be charged as a Category 1 expenses to a case generally comprise of external supplies of incidental services specifically identifiable to the case such as postage, statutory case advertising, invoiced travel, external printing, room hire, and document storage.
 - 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.
 - The body of creditors who approve our fees also have responsibility for approving Category 2 expenses.
- Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Approval from creditors is not required for these expenses to be drawn.

Professional Advisors and Subcontractors

- The following professional advisors and subcontractors have been engaged:

Firm	Services	Fee Arrangement	Reason Selected
ERA Solutions	Employee Claims	Fixed fee based on the number of employees	Experienced provider of employee services to insolvency practitioners
EPE Reynell	Gazette Notices	Fixed cost per advert	Specialists in dealing with legal advertising
Aon UK Limited	Insurance Risk Services	Insurance premiums	Experienced provider of insurance services to insolvency practitioners
Aon UK Limited	Bonding	Fixed premium	Experienced provider of insurance services to insolvency practitioners
Mayer Brown LLP	Legal Advice	Time costs and expenses	Experience and prior knowledge of the Group

- 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.

Analysis of Trading Expenses (TCLL)

Trading expenses during the period are £548k lower than estimated in our Proposals, largely due to quicker than anticipated transitions for the majority of creditor payments to TC Services Limited and prudent original estimates.

Trading Expenses

- The table opposite compares our estimate of the trading expenses deemed likely to be incurred during the course of the Administration per our Proposals for the transition period (originally assumed to be a 10 week period), with actual expenses incurred to 14 March 2022.
- Please note that all amounts are stated exclusive of VAT unless otherwise stated.
- As set out in the Proposals, expenses totalling c.£1.1m were expected to arise in the continuation of trading the TCLL business. Expenses actually incurred have fallen to c.£545k, with costs being lower than anticipated across all three categories.
- The transition of the majority of supplier obligations to TCS were effected quickly, resulting in a shorter period for which TCLL bore the costs of paying suppliers. Accordingly, operating costs and total expenses incurred in the period are lower than anticipated given the shortened transfer period, giving rise to a favourable operating cost variance, however there are still a few suppliers still being paid.
- Additionally, estimates in respect of costs were generally prudent which has similarly led to favourable variances. For example, rental costs were lower than anticipated, with costs totalling £19.3k against the initial estimate of £40k.
- Employee costs to date are lower than estimated, though it should be noted that these costs include £67k of costs in respect of Old Oak and Domes operating sites that were subsequently recharged by TCLL to those entities. Employee costs represent payroll costs (including the associated tax charges) to the transfer date of 8 October 2021.

Trading Expenses (TCLL)

All costs in GBP £'000

Expense Type	Estimate	To Date	Variance
Employee Costs	475.0	419.6	55.4
Rent	40.0	19.3	20.7
Operating Costs	578.0	105.6	472.4
Total	1,093.0	544.6	548.4

- Except for our remuneration and pre-Administration costs, 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. However, when reporting to creditors, we will continue to provide updates on the amounts incurred and paid, together with an explanation for any material differences compared to these estimates.
- We are satisfied that the amounts expected to be incurred are reasonable in the circumstances of the case.
- 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.

Analysis of Non-Trading Expenses

Non-Trading Expenses during the Period were higher than estimated in the Proposals, driven largely by higher directors' fees due to the transition period exceeding the assumed 10-week period.

Non-Trading Expenses

- The tables opposite compare our estimate of the non-trading expenses deemed likely to be incurred during the course of the Administrations per our Proposals, with actual non-trading expenses incurred to date.
- Any payments made on behalf of Group companies (for which funding is received) are not considered to be expenses of the Administrations and have been excluded from these estimates.
- We have included the combined total of our remuneration and legal costs, which are payable from the same funding agreement. We have illustrated how these costs may be allocated to each of the Companies, however this is subject to change and would not impact any class of creditor.
- As illustrated opposite, the majority of the expenses variance can be attributed to Directors' Fees. These have exceeded expectations as initial estimates were calculated on the basis that the transitional period would last approximately 10 weeks. Given that this period has lasted for c.6 months, Directors' Fees have continued to be incurred.
- Higher than estimated expenses have been partially offset by cost savings in respect of insurance, for which we need not source cover, as a policy covering the Group's assets is in place and is funded by TCS.
- Aon UK Limited charge for bonding costs and payments are in progress and will appear in our next report. We have a fixed fee arrangement with Aon for bonding, and we can confirm the cost of bonding to be £460 (TCLL: £225, TCLGL: £10, HPL: £225).
- Pre-Administration costs have been included as approval has been provided by the Secured Creditors for these to be paid as an expense of the TCLL Administration.
- Insurance costs in HPL and TCLL are reflected as nil, as all insurance costs were paid through TCLGL in the Period.

Non-Trading Expenses (TCLL, TCLGL, HPL)

All amounts are £'000

TCLL

Firm	Services	TCLL Estimate	TCLL To Date	Variance
FTI/Legal Advice	Office-holders fees / Legal Costs	3,078.0	3,078.0	-
Pre-Administration Costs	Legal advisors	120.0	120.0	-
ERA Solutions	Employee Claims Processing	7.0	2.7	4.3
EPE Reynell	Gazette Notices	0.1	0.1	(0.0)
Aon UK Limited	Insurance	8.0	-	8.0
Aon UK Limited	Bonding	0.1	-	0.1
Total Estimate		3,213.2	3,200.8	12.4

TCLGL

Firm	Services	TCLGL Estimate	TCLGL To Date	Variance
FTI/Legal Advice	Office-holders fees / Legal Costs	10.0	10.0	-
Directors' Fees	Company Directors	10.0	89.0	(79.0)
EPE Reynell	Gazette Notices	0.1	0.2	(0.1)
Aon UK Limited	Insurance	1.0	2.4	(1.4)
Aon UK Limited	Bonding	0.1	-	0.1
Total Estimate		21.2	101.7	(80.5)

HPL

Firm	Services	HPL Estimate	HPL To Date	Variance
FTI/Legal Advice	Office-holders fees / Legal Costs	50.0	50.0	-
EPE Reynell	Gazette Notices	0.1	0.2	(0.1)
Aon UK Limited	Insurance	1.0	-	1.0
Aon UK Limited	Bonding	0.2	-	0.2
Total Estimate		51.3	50.2	1.1

APPENDIX D: JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES



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