



To All Known Creditors

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

Joint Administrators' Second 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 TLL 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 of 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	TCS	TC Services Limited (Company Number: 13608402)
IR16	Insolvency (England and Wales) Rules 2016 (as amended)	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.
LTO	Licence to occupy leasehold premises	Utilisation Request	Funding request to the Secured Creditors under the various Funding Agreements from the administrators of HPL to pay expenses on behalf of companies around the Group.
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/OpCo	The Collective (Living) Limited – In Administration		
TCS	TC Services Limited		
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006		



Purpose of this Report

Purpose of this Report

- Matthew Callaghan, Andrew Johnson, and Lisa Rickelton 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 second six-month period of our appointment. It covers the period to 14 September 2022 (and to 15 September 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 Information

- 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”, opposite).
- You may wish to read this document in conjunction with our first Progress Report and our subsequent Remuneration Reports; all of which can continue to be found online (see ‘How to Contact Us’, opposite).
- Certain 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 would like a hard copy of this report or any of the documents made available online, please contact us using the details provided opposite.

How to Contact Us

- Creditors can contact us using the preferred methods below:

Email: CollectiveLiving@fticonsulting.com

Post: The Collective (Living) Group Limited /
Harewood Properties Limited / The Collective
(Living) Limited
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200 Aldersgate
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London, EC1A 4HD

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

Actions Required by Creditors

- **No actions are required by creditors. This document is for information purposes only.**



Progress of the Administrations

Recap on the Administrations

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 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.

Summary of Progress in the Period

In the remainder of this report we provide the background and previous progress made on the matters summarised below, in order to provide creditors with additional context where that would be helpful.

TCLL

- We have continued to support the Secured Creditors in the sale of the intellectual property that is subject to their fixed charge. This was due to complete in October 2022 and full details of the sale will be included in our next progress report to creditors.
- We have continued to fulfil the Company's ongoing commitments under the Property Management Agreement and Asset Management Agreement (and make further payments as required), which will come to an end when the transition of the TCLL services is complete.
- We have engaged specialist agents to pursue a potential recovery of business rates in relation to the Company's former premises in London.

TCLGL

- We have continued to discharge costs associated to the appointment of Nike Pike as director of certain other companies in the Group. These costs continued to be funded by TCS / the Secured Creditors.
- TCLGL will likely need to remain in Administration until such time as the Administration of HPL is complete, at which point, TCLGL can take steps to place HPL into liquidation, in accordance with the requirements for exiting an Administration of a Jersey-registered company.
- As administrators of TCLGL (the parent company) and also TCLL and HPL where appropriate, we have continued to support the Secured Creditors with their efforts to recover value from asset realisation opportunities around the Group (to reduce their indebtedness against the Companies).

HPL

- We have continued to request and receive funding in order to discharge liabilities of certain Group companies, for the ultimate benefit of the Secured Creditors. The amounts received and paid are shown on the enclosed Receipts and Payments accounts in Appendix C.

- We received proceeds from a security enforcement elsewhere in the Group after the Secured Creditors waived some of their entitlement to it. This was simply a mechanism to provide further funding to the Administration instead of making a further request under the Funding Agreement. We sought legal advice on the most appropriate treatment and description of these proceeds, including the expenses paid from those funds.

Dealing with Creditors and Stakeholders

- We have continued to respond to inbound queries from creditors and other stakeholders.
- We have also continued to liaise with and report to the Secured Creditors, as they have the primary financial interest in the Administration.

Managing the Companies' Affairs

- In conjunction with our internal tax specialists, we continued to prepare and file the necessary VAT returns and progress work in order to file the necessary pre-Administration corporation tax returns.
- We continue to receive mail (almost daily) on behalf of Group companies and ensure that it is forwarded to the most appropriate contact in those companies.

Fulfilling Our Statutory Duties

- In April 2022, we prepared and issued our report to creditors on the progress of the Administrations in the first six months following our appointment.
- We sought and obtained (from the Secured Creditors) 12-month extensions to the period of each Administration and gave notice of these to the creditors, Court and Companies House.
- We have also sought and obtained (from the Secured Creditors) increases in our remuneration as a result of a change of circumstances in the Administration, as confirmed to creditors in our second and third Remuneration Reports.

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 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 during the period of transition and had entered into a commercial agreement with TCS that would include the provision of funding to the Administrations.
- 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.

Transition of Services

- Our strategy was to initially stabilise the business and then to continue trading it for a short period until the services fully transitioned to TCS, with the third-party operator, Scape, having minimal ongoing involvement.
- TCLL has continued to provide ongoing services under the Property Management Agreement and Asset Management Agreement during this period of transition and we continued to review sales performance reports for the operating assets until they were sold.
- The transition process is largely complete with an orderly transfer of management services achieved.

Landlord and Property

- We vacated the Group's head office premises in Central London on 1 October 2021. We offered to surrender the lease to the landlord, although this has not been accepted. Business rates are payable for the period from the date of administration to 1 October 2021 as an expense of the administration, but we are yet to be invoiced for this.
- We have appointed specialist property agents, Gerald Eve LLP, to assist with a potential business rate recovery on the Group's head office premises. We will update creditors on the outcome of this process in due course, but the timing and likelihood of any recovery is currently unclear.

Transition of Suppliers and Contracts

- Payments have continued to be made to critical consultants to ensure that key services would continue to be supplied during the transition. Suppliers who provided services to TCLL have now transferred their relationship to TCS. Certain undertakings between TCLL and suppliers (e.g., merchant card providers) are terminated now that the majority of the UK operating assets have transferred to TCS.

IT and Systems

- During the first six-month period, several 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.
- 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. 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.
- In this period, one payment was made to a critical IT supplier in the sum of £8,517.78. Further information on expenses can be found in Appendices C and D.
- We do not expect to make any further duress payments.

TCLL – Transition and Asset Realisations

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

Administration Funding and Reporting

- TCLL is a central services company historically funded by the Group. The initial funding of c. £3.9m in TCLL included some £785.7k for the purpose of continuing to trade the business and transition key services to TCS.
- 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 have been 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 on receipts, payments and expenses can be found in Appendices C and D.

Insurance

- On appointment we liaised with insurers to determine whether open cover insurance was required to ensure that property and assets were appropriately insured.
- Insurance continues to be provided at the AssetCo level, which is being managed by TCS, who is responsible for paying and administering this insurance.
- As a result of this, our insurance brokers advised that open cover was not required and therefore there were no insurance costs for the Companies in Administration. However, our brokers have charged a fee of £2k plus VAT for their time spent. This was settled by TCLGL and can be seen in that entity's Receipts and Payments account at Appendix C, with further detail in relation to the expense at Appendix D.
- We continue to regularly monitor the suitability and appropriateness of the insurance cover in place for the Companies in Administration.

Sale of Intellectual Property

- As previously reported, as joint administrators of TCLL, we had exchanged contracts for 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 was expected to complete once certain condition precedents were met, and it had a longstop date for completion on 15 September 2022.
- The Group Lenders have a fixed charge over the IP and the sale had been agreed at £1 together with a reduction in the Group Lenders' guarantee in TCLL for £100k.
- The Lenders then advised us that the sale would no longer be taking place. Subsequently, there have been significant costs incurred in relation to the ongoing efforts to sell the intellectual property held by TCLL and a sale has now been agreed.
- As has been previously reported, 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 period of Administration, again, no offers were received for the brand on a standalone basis.
- No valuation has been 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 previously ascribed.
- Therefore, we have agreed a sale of the intellectual property to TCS on the same terms as the previous contracts, although this sale is not conditional. The sale has been agreed at £1 together with a reduction in the Group Lenders' guarantee in TCLL for £100k. The transaction is expected to complete in October 2022 and full details of the sale will be included in our next progress report to creditors.
- The prospective purchaser, TCS, is considered to be a connected party to TCLL per Statement of Insolvency Practice 13 ("SIP13"), due to their shared lender group. Once the intellectual property has been sold, we will update creditors in the next progress report, complying with the disclosure requirements of SIP13.

HPL and TCLGL – Administration Progress

The appointment of joint administrators to HPL and TCLGL 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 TLL 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.
- The Funding Agreement stipulates that the loan repayment is to rank as an expense of the Administration, and is subordinated to any and all other administration expenses, including the joint administrators’ remuneration and expenses.
- Therefore, in line with the statutory distribution waterfall, this funding line (and its repayment) will sit after all other administration expenses, but ahead of any preferential creditors.
- Prior to Administration, HPL had entered into Facilities Agreements with the Lenders, among others. Under the Lenders’ subsequent enforcement of their security in the wider group, the Lenders’ Security Agent held funds of EUR €1.265m (the “Liesenbrucken Proceeds”). Per the Facilities Agreement, the Security Agent is required to apply the Liesenbrucken Proceeds in accordance with the order of priority set out in that Agreement (the “Enforcement Waterfall”).

Harewood Properties Limited

- As previously reported, 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.
- On 16 September 2021, a Funding Agreement was put in place between HPL as borrower, the joint administrators and the Lenders, as there were known to be insufficient funds to meet the expenses of the Administration. The Funding Agreement was put in place to essentially meet “subsidiary expenses” and/or “director expenses”.
- In the year to 15 September 2022, total funding of £10.86m has been provided to HPL under the Funding Agreement following several Utilisation Requests. This funding is subject to 5% annual PIK interest from the date the funding is provided, which is in addition to the £10.86m noted above. These funds included the initial funding for Administration Expenses in the sum of £60,000, 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.
- Rather than HPL make a further request for funding under the Funding Agreement, it was agreed for the Liesenbrucken Proceeds only, that a portion of the Lenders’ entitlements under the Enforcement Waterfall would be waived and that funds in the sum of £608,821.36 would therefore be applied in favour of HPL, which sat at the bottom of the Enforcement Waterfall.
- It should be noted that the lenders to the Facilities Agreement are the same as the lenders to the Funding Agreement.
- The proceeds in the sum of £608,821.36 received by the joint administrators of HPL are to be considered an asset of HPL and are similar to cash at bank subject to the floating charge. As with other funding, the funds are to be used to discharge liabilities owed by a subsidiary/other group company to a third party.
- Although Jersey law does not recognise the concept of a floating charge, Jersey-registered companies can grant English law security, including fixed and floating charges. The security could not capture any assets located in Jersey (including a Jersey bank account). In this case, the funds from the Liesenbrucken Proceeds are located in a UK bank account and are therefore validly subject to English law floating charge security.

HPL and TCLGL – Administration Progress

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

- Further details on the funding in HPL are provided in the Receipts and Payment account in Appendix C, with expenses paid from funds received under the Funding Agreement broken down in a supplementary statement to the main Receipts and Payments account.
- We have summarised these processes overleaf, together with an update in respect of two further administration appointments involving the sale of Group assets.

The Collective (Living) Group Limited

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

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 were held within the subsidiary companies of the Group were under the control of their directors. The Secured Creditors assessed the value of underlying assets in subsidiaries and where they believed value was in excess of the AssetCo debt, they initiated a number of fixed charge receiverships through security enforcement.
- As previously reported, in this asset realisation strategy, the Secured Creditors 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)

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

- As previously reported, the Secured Creditors made several fixed charge receivership appointments across the Group.
- Insolvency practitioners from FTI Consulting LLP were appointed as fixed charge 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.
- The fixed charge receiverships have now concluded and the insolvency practitioners from FTI Consulting LLP have now ceased to act as receivers.
- In respect of the US assets, three have been sold (which includes foreclosure sales), one foreclosure sale is ongoing, with two sites yet to be sold which includes the Paper Factory.

Administration – TC Revalerstrasse LLP (“TCR”)

- As previously reported, 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 prepack transaction for a sale consideration of €516,995.90. The purchaser also repaid an intercompany debt owed from MPTC S.à.r.l to TCLL of €33,004.10 (paid to TCLL as shown on the enclosed Receipts and Payment account).
- The net sale proceeds received by TCR were distributed under fixed charge security to the Secured Creditors only, subject to deduction of the expenses of the TCR administration. Consequently, there was no dividend for any other class of creditor of TCR.
- The administration of TCR ended on 16 June 2022 when a Notice of Move from Administration to Dissolution was filed with the Registrar of Companies.

Administration – TCF Partners 2 LLP (“TCF”)

- The members of TCF appointed us as joint administrators over TCF 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 were ultimately for the benefit of the Secured Creditors as the Group Facility Agreement is secured by way of a guarantee over the assets of TCF. After the deduction of costs of the Administration and the distribution of the Prescribed Part, £1,025,166.47 was distributed to the Secured Creditors under their floating charge security. A distribution of £0.83 was also made under their fixed charge security. Distributions directly to the Secured Creditors are expected to represent less than 1% of their current indebtedness in the Group.
- The administration of TCF ended on 30 August 2022 when a Notice of Move from Administration to Dissolution was filed with the Registrar of Companies.

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

- We notified HMRC of the Administrations and a new tax period commenced on the date of our appointment.
- 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 (TCLGL) / 15 September 2021 (HPL).
- The information required to prepare the returns has been provided to our internal 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 (TCLL, TCLGL) and 15 September 2022 (HPL). The information required to prepare the returns will be provided to our tax team now the period has come to an end.

VAT (TCLL only)

- Shortly after our appointment, we notified HMRC of the Administration and a new VAT period commenced on the date of our appointment. Post-appointment VAT returns have been submitted for all periods up to 31 August 2022. Neither TCLGL nor HPL are registered for VAT and therefore VAT returns are not required to be submitted for those companies.
- Certain VAT information is still required to enable the submission of the pre-appointment VAT returns and this has been requested from management. We continue to await this information.

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.
- We have received advice 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 following the sale.

- 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 of £1 (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, which will give rise to a liability of £0.20.

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 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.

Dealing with Stakeholders and Creditors

We have responded to queries that we received from creditors and other stakeholders, to the extent reasonably possible.

Inbound Queries

- We have continued to respond to enquiries from creditors and other stakeholders of the Companies, including enquiries from customers of the operating assets and suppliers to the development assets.
- Correspondence received (via mail redirection following vacation 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, together with their legal advisers, and the Secured Creditors' advisers.

Secured Creditors

- A regular dialogue has been held with the Companies' Secured Creditors and they have been frequently updated on Administration expenses, funding, transition, asset realisations and other matters of interest to them. The Secured Creditors 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.

Other Stakeholder Management

- 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 earlier).

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.
- For further information on this, please see the later section entitled Extensions to the Period of the Administrations.
- In the meantime, we will continue to respond to queries to the extent reasonably possible in the circumstances.

Fulfilling our Statutory Duties

As a consequence of the Companies' insolvency, we have a number of responsibilities that include giving notices and updates to stakeholders and investigating the affairs of the Companies.

Directors' Conduct and Investigations

- In our previous report, we confirmed that we had submitted information in regard to the conduct of the Companies' directors to the Department for Business, Energy and Industrial Strategy. The content of our investigatory findings is confidential. However, it was concluded that there were no recovery actions relating to the directors' conduct that could or should be pursued.
- Our investigation work was performed in accordance with SIP 2 and included a review of:
 - Information provided by creditors (who had been invited to bring any matters to our attention) and the Companies' directors, including the statements of affairs; and
 - Certain of the Companies' books, records and financial information.
- No further information has come to light during the Period that has required further investigations regarding the directors' conduct or any potential asset recovery actions. 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.

Investigations and submission of conduct reports

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



Other Statutory Work

- Other work arising in the period as a consequence of our appointment as joint administrators has included:
 - Preparing and issuing our first progress report on the Administrations, to the creditors and Companies House;
 - Obtaining consent from the Secured Creditors for each Administration to be extended (see more later);
 - Seeking a review of our remuneration by the Secured Creditors as a result of changes to the circumstances of the Administrations (including as a consequence of the extensions);
 - Internal case reviews to ensure the strategy continues to be appropriate and the Administrations are progressing on a timely basis; and
 - Reviews of the adequacy of bonding cover.

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 2023.

Extensions to the Period of the Administrations

- In order to allow sufficient time for outstanding matters to be resolved, we sought consent of the relevant creditors of the Companies, as permitted by paragraph 76(2)(b) of Schedule B1 IA86, for the period of the Administrations to be extended.
- A request to extend the Administrations of HPL and TCLGL was approved by the Secured Creditors on 5 July 2022. A request to extend the Administration of TCLL was approved by the Secured Creditors on 28 July 2022.
- The Administration of TCLGL and TCLL was extended for a period of 12 months to 14 September 2023, and the Administration of HPL was extended to 15 September 2023. In the highly unlikely event that a further extension is required, an application to Court would be needed closer to the time.
- Having sought and obtained relevant approvals, notices of the extension have been delivered to creditors (via our website), to Court and also filed with Companies House (TCLL and TCLGL only). We received confirmation from our legal advisers that there would be no equivalent filing requirement in Jersey arising as a result of the extension of the Administration of HPL.
- Ending the Administration of TCLL after one year, and moving the Company to dissolution, would have meant that entities that sit under TCLL would transfer to the UK Crown. Extending the Administration of TCLL whilst the Group assets are still being sold would allow for any employees to remain under the Collective umbrella and facilitate the sales process. Extending the Administration also means that there is more time to sell the intellectual property (TCLL's sole remaining asset), providing a financial benefit to the Secured Creditors.
- In respect of TCLGL and HPL, the extensions were required to benefit the Secured Creditors by continuing to facilitate payments across the Group on their behalf.
- Further, as shareholder, TCLGL will need to call a meeting of the creditors of HPL to move HPL into liquidation once the Administration is capable of being ended.

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 consent of the Secured Creditors and (if appropriate) a decision by the 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. We will seek approval to the timing of our discharge from liability at the appropriate time.

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 the Administrations of TCLL and TCLGL 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 Administrations may end by the presentation of a winding up petition to the Court for the compulsory liquidation of the Company and may include the appointment of one or more of the joint administrators as joint liquidators of the relevant Company.
- With regards to HPL, the most likely exit route is creditors' winding up, which is an out-of-court Jersey insolvency process commenced by a shareholder special resolution. TCLGL is HPL's shareholder and therefore consideration will need to be given to when TCLGL can exit administration, if it is required to initiate a creditors' winding up. Creditors will be updated on this in due course.
- On current information, we expect to conclude the Administrations within the next six to twelve months and no further extensions to the period of the Administrations are expected to be necessary. The Administrations are separate insolvency processes and therefore may end at different times and in different ways, depending on the circumstances in each case.

Joint Administrators' Remuneration

The Secured Creditors have the responsibility for approving the basis and quantum of our remuneration, and Category 2 expenses where applicable.

Joint Administrators' Remuneration

- 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.
- The Joint Administrators' fees and expenses (plus VAT) are to be drawn on the basis of a fixed fee.
- Relevant approvals to draw our remuneration have been received from the Secured Creditors of TCLL, TCLGL and HPL. These approvals were dated as follows:
 - TCLL – we received Secured Creditor approval to draw a fixed fee of £3.078m (per our Proposals) on 19 November 2021. An increase of £300k was also approved by the Secured Creditors on 5 July 2022, and a further increase of £115k was approved by the Secured Creditors on 28 July 2022.
 - HPL - we received Secured Creditor approval to draw a fixed fee of £50k (per our Proposals) on 19 November 2021. An increase of £185k was also approved by the Secured Creditors on 5 July 2022.
 - TCLGL - we received Secured Creditor approval to draw a fixed fee of £10k (per our Proposals) on 19 November 2021. An increase of £15k was also approved by the Secured Creditors on 5 July 2022.
- A number of factors changed since we issued our Proposals (and the initial Remuneration Report contained therein), including the agreed 12-month extensions to the Administrations to conclude our work, and the increased complexity than originally forecast. As a result of this, we sought an increase to the quantum of the fixed fees in respect of each of the Administrations as detailed above.
- In accordance with insolvency legislation, the increases were approved by the Secured Creditors. Full information on our remuneration, including further details of the approved increases to the quantum, can be found in Appendix D.
- Our second and third Remuneration Reports were delivered to creditors (via our website), prior to the increases approved in the period.
- During the period, no fees have been drawn in relation to the fixed fees in TCLGL and HPL. In relation to the fixed fee in TCLL, we have drawn £2,249,815 (plus VAT) in the period.
- Details of the amount of remuneration paid during the period, are included in the Receipts and Payments accounts for each entity at Appendix C.

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 of the Rules), 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.



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, although 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 is expected to result in a further reduction in the Lenders' guarantee in TCLL for £100k.
- 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 were made redundant.
- The only material realisable assets in TCLL are the cash balances held in the Company's pre-Administration bank accounts, as shown in Appendix C. 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

- In an administration, dividends may become available 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 paid in full.
- 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.

Shareholders






- There will be no return to the Companies' shareholders as there will be a material shortfall to the Companies' 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 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, and US to the extent possible and appropriate for our role. Continue to help trading the remaining operating sites within the Group. Continue to pursue recoveries in relation to business rates together with our collection agents. 	<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 <i>ad hoc</i> queries from creditors and shareholders. 	<ul style="list-style-type: none"> Resolve and finalise any taxation issues, including the submission of appropriate pre- and post-appointment Corporation Tax returns. Recover/pay any amounts due to/from HMRC. Continue to submit quarterly VAT returns (TCLL only), and deregister for VAT. Seek HMRC tax clearance to conclude the Administrations. 	<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/HPL will, however, partially repay the loan commitments under the funding agreement. 	<ul style="list-style-type: none"> Complete statutory requirements to conclude the Administrations. Closure of bank accounts. Seek tax clearance to close the Administrations. Progress any other matters required to winddown the Companies' affairs generally, prior to the Administrations concluding and the Companies being dissolved.
Timing	<ul style="list-style-type: none"> We expect progress of all sales over the next six-months. 	<ul style="list-style-type: none"> Management of the Companies' affairs will continue periodically whilst we remain in office. We continue to report to the 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 the second anniversary of our appointment, and likely before the end of March 2023.

Future Correspondence and How to Contact Us

Our next report to creditors

- We are required to provide a further progress report to all creditors within one month of the end of the period ending 14 March 2023 (TCLL and TCLGL) and 15 March 2023 (HPL), or when the Administrations come to an end, whichever is sooner.
- That report will be placed on our website (details opposite) when it is available.
- As detailed earlier in the report, we expect the Administrations to conclude ahead of the second anniversary, and therefore it is likely that the next progress report to creditors will be our final report.
- All documents will be retained on our website and will remain available for viewing and downloading until two months after the conclusion of the proceedings.
- If you require hard copy documents, please contact us using the contact details opposite, and you will be provided, free of charge, with a hard copy of documents posted to the website.
- Should you have any queries in relation to this report or the Administrations in general, please contact us using the details opposite.



Matthew Boyd Callaghan

Joint Administrator

For and on behalf 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. 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>

How to Contact Us

- Creditors can contact us using the preferred methods below:

Email: CollectiveLiving@fticonsulting.com

Post: The Collective (Living) Group Limited /
Harewood Properties Limited / The Collective
(Living) Limited
c/o FTI Consulting LLP
200 Aldersgate
Aldersgate Street
London, EC1A 4HD

Tel: 0203 0770 468

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



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

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

Creditors' Right to Request Information

- Any secured or unsecured creditor, with the support of at least 5% in value of the unsecured creditors, or with leave of the Court, may, in writing, request the Joint Administrators 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.

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 secured creditors or with 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 that the Joint Administrators are entitled to charge, or otherwise challenging some or all of the expenses incurred.
- Such application must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 IR16.

Data Protection

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

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.

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>.



Appendix C: Receipts and Payments

Receipts and Payments Account (TCLL)

For the periods 15 September 2021 to 14 March 2022, and 15 March 2022 to 14 September 2022

GBP		Statement of Affairs	15-Sep-21	15-Mar-21	Total
		(Estimated to Realise)	to 14-Mar-22	to 14-Sep-22	
		£	£	£	£
Funding Receipts					
	Funding for Trading Expenses	3	803,201	-	803,201
	Funding for Administration Expenses	4	3,078,000	-	3,078,000
	Funding Transfer to TCLGL	4	(2,510)	-	(2,510)
	Secured Creditor Commitments	5	(201,887)	(76,432)	(278,320)
	Trading Surplus/(Deficit) - see opposite	6	(544,546)	(8,518)	(553,064)
	Net Funding Balance	-	3,132,257	(84,950)	3,047,307
Floating Charge Receipts					
	Bank Interest Gross	-	305	372	676
	Cash at Bank	7	609,803	-	609,803
	Intercompany Receivables	8	27,081	-	27,081
	Other Sundry Refunds	-	891	-	891
	Office and Computer Equipment	9	1,000	-	1,000
	Subtotal	1,000	638,080	372	638,451
Floating Charge Payments					
	Office Holder Fees	-	-	(2,249,815)	(2,249,815)
	Office Holder Expenses	-	-	(185)	(185)
	Bank Charges	5	(45)	(90)	(135)
	IT Expenses	5	-	-	-
	Legal Fees	5	(71,964)	(81,150)	(153,115)
	Pre-Administration Costs	-	(90,665)	-	(90,665)
	Re-Direction of Mail	10	(321)	-	(321)
	Statutory Advertising	-	(184)	-	(184)
	Irrecoverable VAT	10	(64)	-	(64)
	Subtotal	-	(163,243)	(2,331,240)	(2,494,484)
	Floating Charge Surplus/(Deficit)	1,000	474,836	(2,330,869)	(1,856,032)
	Net Receipts and Payments	1,000	3,607,094	(2,415,819)	1,191,275

Trading Statement	15-Sep-21	15-Mar-21	Total
	to 14-Mar-22	to 14-Sep-22	
	£	£	£
Income	-	-	-
Direct Costs			
Direct Labour	418,811	-	418,811
Direct Expenses	817	-	817
Subtotal	419,628	-	419,628
Trading Expenditure			
Rents	19,324	-	19,324
Heat & Light	522	-	522
Bank Charges	6	84	90
Ransom Payments	97,562	8,518	106,080
Employee Expenses	200	-	200
Agent's Fees	7,225	-	7,225
Subtotal	124,918	8,518	133,436
Trading Deficit	544,546	8,518	553,064

Notes to the Receipts and Payments Account (TCLL)

For the periods 15 September 2021 to 14 March 2022, and 15 March 2022 to 14 September 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. Funding received from the Secured Creditors to fund the initial costs of the administration in the sum of £3,078,000. Of this, £2,510 was transferred to TCLGL to fund the insurance costs and the costs of advertising our appointment, including VAT (TCLGL is not registered for VAT).
5. Secured Creditor Commitments include 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 payments relates to the post-appointment period and could alternatively be shown as a trading expense.

The Secured Creditor Commitments value has also been corrected since our last report. IT Expenses, Legal Fees, some Irrecoverable VAT and Bank Charges have now been correctly recorded in Secured Creditor Commitments (and shown in the supplementary breakdown). The trading deficit is £15 less than reported in our previous Progress Report to 14 March 2022. This is because £15 of bank charges should have been included in Secured Creditor Commitments and has now been corrected.

A full breakdown of these costs is shown on the following page.

6. The trading deficit is £15 less than reported in our previous Progress Report to 14 March 2022. This is due to the fact that £15 of bank charges should have been included in Secured Creditor Commitments and has now been corrected.
7. 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.
8. Full and final settlement of intercompany debt owed by TC Revalerstrasse LLP to TCLL (converted from €33k).
9. 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 as a third-party professional 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.
10. The Redirection of Mail cost from our previous report has now been correctly allocated to Redirection of Mail and Irrecoverable VAT accordingly. It may be the case that we are able to recover this small amount of VAT in due course but it's currently marked as irrecoverable for prudence.

Receipts and Payments Account (TCLL)

Breakdown of Secured Creditor Commitments by transaction category for the periods 15 September 2021 to 14 March 2022, and 15 March 2022 to 14 September 2022.

GBP	15-Sep-21	15-Mar-22	Total
	to 14-Mar-22	to 14-Sep-22	
	£	£	£
Legal Fees	18,309	-	18,309
Pension Scheme	88,721	-	88,721
Third Party Services	82,415	76,432	158,847
Bank Charges	109	-	109
Irrecoverable VAT	1,859	-	1,859
IT Expenses	10,475	-	10,475
	201,887	76,432	278,320

Notes to the Account

1. All amounts are shown net of VAT as the Company is registered for VAT. The small amount of Irrecoverable VAT is due to having received an invalid VAT invoice.
2. These payments were funded by the Secured Creditors and have been made on behalf of Group companies. Therefore they have not been included in our Statements of Expenses at Appendix D. Further, due to the nature of these expenses, no estimate was made for these costs at the time our remuneration was agreed pursuant to Rule 18.16 IR16.
3. The amounts shown represents actual costs paid and the account is therefore not prepared on an accruals basis.

Receipts and Payments Account (TCLGL)

For the periods 15 September 2021 to 14 March 2022, and 15 March 2022 to 14 September 2022

GBP	Statement of Affairs			Total	
	(Estimated to Realise)	15-Sep-21 to 14-Mar-22	15-Mar-22 to 14-Sep-22		
	£	£	£	£	
Funding Receipts					
Funding for Administration Expenses	2	-	14,510	-	14,510
Funding Received (Other)	3	-	195,399	38,256	233,655
Secured Creditor Commitments	4	-	(195,429)	(38,286)	(233,715)
Net Funding Balance			14,480	(30)	14,450
Floating Charge Receipts					
Bank Interest Gross		-	2	19	21
Cash at Bank		-	5,000	-	5,000
Subtotal			5,002	19	5,021
Floating Charge Payments					
Irrecoverable VAT	5		(437)	(64)	(501)
Statutory Advertising			(184)	-	(184)
Bank Charges	6		-	-	-
Insurance			(2,000)	-	(2,000)
Re-Direction of Mail			-	(321)	(321)
Subtotal			(2,621)	(385)	(3,006)
Floating Charge Surplus/(Deficit)			2,381	(366)	2,015
Net Receipts and Payments			16,861	(396)	16,465
Made Up As Follows					
Floating Charge Account			16,861	(396)	16,465
Total			16,861	(396)	16,465

Notes to the Account

- All amounts are shown net of VAT, unless otherwise stated. The Company is not VAT-registered and therefore VAT is not recoverable.
- Includes initial funding amounts plus additional intragroup funding from TCLL for insurance and statutory advertising costs.
- Comprised of funding from HPL for professional fees (Secured Creditor Commitments). This has increased in period 1 from our last report by £10,434, See note 4, below.
- Secured Creditor Commitments has increased by £10,434 in the first period from our previous report. This is because it included £10,434 of funding received, which has now been correctly recorded in Funding Received (Other). The Net Funding Balance of £14,480 in the first period remains unchanged, however. A full breakdown of the Secured Creditor Commitments costs is shown on the following page.
- Irrecoverable VAT in the first period is comprised of £400 in relation to insurance (broker advice), with the remaining £37 relating to statutory advertising payments. In the second period, Irrecoverable VAT is in relation to the cost of the mail redirection.
- Bank charges in the sum of £30 shown in the previous report were double-counted as they are also included in Secured Creditor Commitments. This has now been corrected and removed from the bank charges line.

Receipts and Payments Account (TCLGL)

Breakdown of Secured Creditor Commitments by transaction category for the periods 15 September 2021 to 14 March 2022, and 15 March 2022 to 14 September 2022.

GBP	16-Sep-21 to 15-Mar-22	16-Mar-22 to 15-Sep-22	Total
	£	£	£
Professional Fees	56,427	38,256	94,683
Legal Fees	138,972	-	138,972
Bank Charges	30	30	60
	195,429	38,286	233,715

Notes to the Account

1. All amounts are shown gross of VAT. The Company is not VAT-registered and therefore VAT is not recoverable.
2. These payments were funded by the Secured Creditors and have been made on behalf of Group companies. Therefore they have not been included in our Statements of Expenses at Appendix D. Further, due to the nature of these expenses, no estimate was made for these costs at the time our remuneration was agreed pursuant to Rule 18.16 IR16.
3. The amounts shown represents actual costs paid and the account is therefore not prepared on an accruals basis.

Receipts and Payments Account (HPL)

For the periods 16 September 2021 to 15 March 2022, and 16 March 2022 to 15 September 2022.

GBP	Statement of Affairs (Estimated to Realise)	16-Sep-21 to 15-Mar-22	16-Mar-22 to 15-Sep-22	Total
	£	£	£	£
Funding Receipts				
Funding for Administration Expenses	2	60,000	-	60,000
Funding Received (Other)	3	6,681,519	4,113,658	10,795,177
Funding Transfer to TCLGL	4	(195,399)	-	(195,399)
Secured Creditor Commitments	6	(6,433,002)	(3,927,686)	(10,360,688)
Net Funding Balance		113,119	185,972	299,091
Floating Charge Receipts				
Enforcement Proceeds	5	-	608,821	608,821
Funding Transfer to TCLGL	5	-	(38,256)	(38,256)
Bank Interest Gross		22	134	156
Cash at Bank		12,785	-	12,785
Subtotal		12,808	570,699	583,507
Floating Charge Payments				
Bank Charges	7	-	(15)	(15)
Statutory Advertising		(184)	-	(184)
Professional Fees	8	-	(41,894)	(41,894)
Legal Fees	8	-	(337,347)	(337,347)
Irrecoverable VAT	9	(37)	(20,502)	(20,539)
Subtotal		(221)	(399,758)	(399,978)
Floating Charge Surplus/(Deficit)		12,587	170,941	183,528
Net Receipts and Payments		125,706	356,913	482,619

Notes to the Receipts and Payments Account (HPL)

For the periods 16 September 2021 to 15 March 2022, and 16 March 2022 to 15 September 2022.

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.
3. Amounts received from TCS and the Secured Creditors to fund payments on behalf of Group companies and related commitments made by the Secured Creditors under the Funding Agreements. The amount differs from the previous report (£6,741,519) as the £60,000 in Note 2 above, had also been incorrectly included in that amount.
4. Of the amount in Note 3 above, £195,399 was transferred to TCLGL to make payments on behalf of Group companies from that entity. The amount differs from the previous report (£244,965) as it also incorrectly included the £60,000 to fund the admin of HPL (see Note 2 above). In addition, the amount shown includes £10,434 that had previously been incorrectly recorded in Secured Creditor Commitments.
5. Rather than HPL make a further request for funding under the Funding Agreement, it was agreed for the Liesenbrucken Proceeds only (for now), that a portion of the Lenders' entitlements under the Enforcement Waterfall would be waived and that funds in the sum of £608,821.36 would be applied in favour of HPL who sat at the bottom of the Enforcement Waterfall. This enabled HPL to make payments on behalf of the Group companies. Further details of this arrangement can be found earlier in this report. Of this, £38,256 was transferred to TCLGL to make payments on behalf of Group companies from that entity.
6. Includes payments made on behalf of Group companies, TCS or the Secured Creditors from the funding source at Note 3 above, that are not expenses of the Administration. The amount for the first period (£6,433,002) differs from our last report (£6,430,796). This is due to the following reasons:
 - A payment of £12,642 was made on the last day of the prior period, was excluded in the last report, and has since been added.
 - VAT in the sum of £36.80 had been incorrectly included and has now been removed (see Note 9 below).
 - Bank charges in the sum of £34 have now been added to Secured Creditor Commitments (see Note 7 below).
 - £10,434 had previously been included but instead should have been included as a Funding Transfer to TCLGL (see Note 4 above).A full breakdown of these costs is shown on the following page.
7. Bank charges in the first period have been moved to Secured Creditor Commitments as they relate to payments that fall within that category (see Note 6 above).
8. Following the change in the way we have received funds to pay Group costs (see note 5, above), we have categorised Group costs as Professional Fees, Legal fees etc., accordingly. Further any VAT incurred is shown separately as Irrecoverable VAT.
9. In our previous report, this had been incorrectly included in the amount for Secured Creditor Commitments. The £36.80 relates to statutory advertising so has now been correctly recorded in Irrecoverable VAT (see Note 6 above).

Receipts and Payments Account (HPL)

Breakdown of Secured Creditor Commitments by transaction category for the periods 16 September 2021 to 15 March 2022, and 16 March 2022 to 15 September 2022

GBP	16-Sep-21	16-Mar-22	Total
	to 15-Mar-22	to 15-Sep-22	
	£	£	£
Intercompany Flows	5,276,418	3,750,000	9,026,418
Bank Charges	368	60	428
Legal Fees	1,120,033	171,901	1,291,934
Jersey Goods & Service Tax	18	-	18
Professional Fees	35,275	-	35,275
Fines and Penalties	890	5,725	6,615
	6,433,002	3,927,686	10,360,688

Notes to the Account

1. All amounts are shown gross of VAT. The Company is not VAT-registered and therefore VAT is not recoverable.
2. These payments were funded by the Secured Creditors and have been made on behalf of Group companies. Therefore they have not been included in our Statements of Expenses at Appendix D. Further, due to the nature of these expenses, no estimate was made for these costs at the time our remuneration was agreed pursuant to Rule 18.16 IR16.
3. The amounts shown represents actual costs paid and the account is therefore not prepared on an accruals basis.



Appendix D: Joint Administrators' Remuneration and Expenses

Joint Administrators' Remuneration and Expenses

This appendix provides additional information in respect of our fees and expenses and the work undertaken during the Administrations.

Approved basis of our remuneration

- 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.
- 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.
- In our Proposals, we explained that we would be proposing that our remuneration be fixed as a set fee and that remuneration totalling £3.138m would be drawn from the estates of TCLL, TCLGL and HPL. The table opposite shows the allocation by entity.
- As part of negotiating the necessary funding for the Administrations and in order to give the Secured Creditors a degree of certainty and control 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).
- The set fee was based on the initial estimate of work required to progress and conclude the Administrations (within one year of appointment). However, the Administrations will take longer than originally envisaged and have been extended beyond their first anniversary by 12 months, and are more complex than originally forecast. As a consequence of the additional work required, the set amount has been increased by £615k, broken down across the entities as shown in the table opposite, with the approval of the Secured Creditors.
- We continue to believe that our remuneration is a reasonable and fair reflection of the work performed and still required in the Administrations.

Summary of remuneration charged

Company	Initial set fee	Additional set fee	Total set fee
TCLL	£3,078,000	£415,000	£3,493,000
TCLGL	£10,000	£15,000	£25,000
HPL	£50,000	£185,000	£235,000
Total (excluding VAT)	£3,138,000	£615,000	£3,753,000

- The table above shows the approval given by the Secured Creditors for each of the entities, and shows the total amount of remuneration charged across the three Administrations. Funding has been provided by TCS to meet these costs, although such funding must also be used to discharge certain other expenses of the Administrations, such as legal fees. Therefore, the amount of our remuneration drawn from each Administration may be lower and the allocations may change, as this is subject to where such costs arise.
- Of the Additional Set Fee above, £5,000, £45,000 and £50,000 will only be drawn in the Administrations of TCLGL, HPL and TCLL respectively, should the Administrations continue beyond 14/15 March 2023.
- 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.
- Earlier in this report, we explained the main areas of our work in the Administrations. In this appendix, we provide more information on these key areas of work by category, with an indication as to whether this work is ongoing (O), completed (C), or intended future work (F). We have also provided the rationale for undertaking the work, such as whether it is required by statute, or whether it had a potential direct benefit for creditors.

Joint Administrators' Remuneration and Expenses

Overview of work completed to date and future work to be undertaken.

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 (O). ■ Issuing the statutory notifications to creditors and others required on appointment as office holder, including gazetting the office holders' appointments (C). ■ Routine administrative tasks, such as setting up case files, dealing with routine correspondence (O). ■ Obtaining specific penalty bonds (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate) (c). Review of this bond on a quarterly basis (O). ■ Reporting on the outcome of the approval of the Proposals to the creditors, Companies House and the Court (C). ■ Cashiering and financial management – including opening, maintaining and managing the office holders' estate bank accounts, processing of receipts and payments and bank reconciliations (O). ■ Undertaking periodic case reviews of the progress of the cases, including six-monthly progress reports to creditors (O). ■ Seeking consent for extensions to the period of the Administrations and filing the relevant notices with the Registrar of Companies, the Court, and delivering notice to the creditors by publishing the notice on the case website (C). 	<ul style="list-style-type: none"> ■ Statutory / compliance requirements and to ensure efficient project management. ■ 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. ■ There are statutory requirements to give notice of the extensions to the Administrations to affected parties. There is no direct financial benefit to creditors other than the principal benefit to the Secured Creditors outlined above
Investigations	<ul style="list-style-type: none"> ■ Where required: recovering and reviewing the books and records for the cases (C). ■ Submitting online returns on the conduct of the directors for each of the three entities as required by the Company Directors Disqualification Act 1986 (C). ■ Conducting initial investigations with a view to identifying potential asset recoveries by seeking and obtaining information (C). ■ Liaising with the Companies' directors in relation to the completion of the Statement of Affairs (C). ■ Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors (C). 	<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

Overview of work completed to date and future work to be undertaken (continued).

Category	Description	Rationale/Benefit to Creditors
Realisation of Assets	<ul style="list-style-type: none"> ■ Conducting the sale of the Intellectual Property. This includes the registered IP, domain names, trade marks, social media accounts and the logo (O). ■ 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 (O). ■ 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 (C). ■ Liaising with insurers (C). 	<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 (C). ■ Regularly monitoring the suitability and appropriateness of the insurance cover in place (C). ■ Handling the surrender of the HQ office lease at 14 Bedford Square, London. Ongoing communication with the Landlord with regard to the Administration (O). ■ Conducting investigations into the assets and office equipment located at HQ office (C). 	<ul style="list-style-type: none"> ■ Minimise costs to creditors through early exit of property commitments.
Creditors	<ul style="list-style-type: none"> ■ Managing employee claims. Corresponding with employees regarding their claims (O). ■ Completing documentation for submission to the Redundancy Payments Service (C). ■ Liaising with third party providers instructed on the case to assist in dealing with employee payroll and claims (C). ■ Dealing with creditor correspondence, emails and telephone conversations regarding their claims (O). ■ Maintaining up to date creditor information on the case management system and filing proofs of debt received from creditors (O). ■ Managing the transfer of supplier relationships and contracts from TCLL to TCS (C). ■ Secured creditors: liaising with / periodic reporting to the Secured Creditors (as required), and continuing to facilitate payments for the Lenders through HPL across the Group (O). 	<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. ■ We will be continuing to facilitate payments for the Secured Creditors through HPL across the Group. The extension to the Administration will allow the funding agreements in HPL to remain in place, which will ultimately benefit the Secured Creditors when assets within the wider Group are disposed of.

Joint Administrators' Remuneration and Expenses

Overview of work completed to date and future work to be undertaken (continued).

Category	Description	Rationale/Benefit to Creditors
Tax	<ul style="list-style-type: none"> ■ Preparing and filing VAT returns for TCLL (O). ■ Preparing and filing both pre- and post-appointment Corporation Tax returns (O). ■ Obtaining and reviewing tax advice in respect of transactions (O). 	<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 (C). ■ Filing the Proposals at Companies House (C). ■ Reporting to the Lenders on the progress of the Administrations and reviewing the Administration strategy(O). ■ Reporting to the Lenders on the cash flow and Administration funding (O). ■ Preparing, reviewing and issuing six-monthly progress reports to creditors (O). ■ Filing statutory case documentation at Companies House (O). 	<ul style="list-style-type: none"> ■ Required by statute and to inform creditors on the progress of the Administrations. ■ Many requirements are for the purpose of keeping creditors informed about the Administrations and to protect their interests generally.
Technology	<ul style="list-style-type: none"> ■ The FTI Technology team obtained a data download of the Companies' electronic books and records (C). 	<ul style="list-style-type: none"> ■ Compliance/legal requirement and to assist in any investigations into the Companies' affairs.
Managing the affairs of the wider Group	<ul style="list-style-type: none"> ■ It has taken the Secured Creditors longer than envisaged to realise their security interests around the Group. This has resulted in a significant amount of additional and continuing work in supporting that process. For example, we have spent considerable amounts of time managing the audit process for the various Group subsidiaries and liaising with their advisers. For the avoidance of doubt, we were not involved in the performance of the audit work itself (O). 	<ul style="list-style-type: none"> ■ The trading of TCLL and continuation of the central services function provides a platform for the Secured Creditors to maximise and recover value under their security entitlements elsewhere in the wider Group.

Expenses of the Administrations

Costs are necessarily incurred by us and the Companies 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 as these have all been provided by third parties.
 - These expenses are payments to independent third parties where there is specific expenditure directly referable to the case and generally comprise of external supplies of incidental services such as postage, statutory case advertising, invoiced travel, external printing, room hire, and document storage.
 - Category 2 expenses:
 - These are payments to our firm or associates or which have an element of shared costs (for example, photocopying, mileage, or costs shared between different insolvent estates). 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 (in this case, the secured creditors).
- Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.
- We do not anticipate incurring any Category 2 expenses (including payments to associates) and therefore we have not sought approval to the basis upon which these may be charged to the estate. If this changes, we will write to the body of creditors who approve our fees at the appropriate time to seek the necessary approval.

Professional Advisors and Subcontractors

- The table below 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.

Firm	Services	Fee Arrangement
ERA Solutions	Employee Claims	Fixed fee based on the number of employees
EPE Reynell	Statutory Advertising	Fixed cost per advert
Aon UK Limited	Insurance Risk Services	Insurance premiums
Aon UK Limited	Bonding	Fixed premium
Mayer Brown LLP	Legal Advice	Time costs and expenses
Gerald Eve LLP	Agents' Fees	20% of cash realisations

- 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 also confirmed that they hold appropriate regulatory authorisations. We have reviewed the fees they have charged and are satisfied that they are reasonable in the circumstances of this case.
- Details of expenses that we have paid to our professional advisors to date are included in the Receipts and Payments account at Appendix C.
- We have also utilised the services of other teams within FTI Consulting LLP to assist with the Administration process. The fees of our Tax and Technology teams have been included within the set fees. 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 Administration workstreams has been possible.

Analysis of Trading Expenses (TCLL)

Trading expenses to date are £540k 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 below 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 September 2022.
- Please note that all amounts are 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 are c. £553k, 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. We do not expect to incur any further trading expenses.
- 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 are lower than estimated, though it should be noted that these costs include £67k in respect of Old Oak and Domes operating sites that were subsequently recharged by TCLL to those entities. Employee costs represent payroll (including the associated tax charges) to the transfer date of 8 October 2021.
- Operating Costs, below, include a payment to ERA Solutions Limited for employee claims processing fees in the sum of £2,250. The estimate given in our Proposals for this was £7,000. We do not expect to any further expenses within this category.
- Operating Costs also include £106,080 of Ransom Payments, which were payments made to critical suppliers. They were required to be paid in order for the business to continue and have been allocated to the period in which they were paid. The trading statement is prepared on a cash basis and therefore does not necessarily represent the actual trading position for the period shown and this is also reflected in the table below.
- 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.
- For further details of the amounts paid for these expenses in the Administrations to date, please see Appendix C for the Receipts and Payments accounts.

Type of Costs	Estimated Amount (£)	Total Amount Incurred to Date (£)	Amount Incurred in this Period (£)	Estimated Future (£)	Estimated Total (£)	Amount Paid (£)	Amount Unpaid (£)
Employee Costs	475,000	419,628	-	-	419,628	419,628	-
Rent	40,000	19,324	-	-	19,324	19,324	-
Operating Costs	578,000	114,111	8,518	-	114,111	114,111	-
Total (excluding VAT)	1,093,000	553,063	8,518	-	553,063	553,063	-

Analysis of Non-Trading Expenses (TCLL)

Cost estimates

- The table on the following page compares our estimate of the non-trading expenses deemed likely to be incurred during the Administration per our Proposals, with actual non-trading expenses incurred to date (exclusive of any applicable VAT).
- As set out in the table below, the total expenses we have incurred in this matter have exceeded the total expenses we estimated we would incur when our remuneration was approved.
- The reasons we have exceeded the estimate of expenses are as follows:
 - EPE Reynell: the cost of advertising our Proposals to Members was not included in our original estimate.
 - Aon UK Limited: bonding costs of £225 were underestimated in our original forecast of expenses. The office holders have paid the bonding costs as a disbursement and they are to be included as part of our fixed fee, with no separate charge for expenses incurred by the estates and therefore this expense is not shown on our Receipts and Payments account at Appendix C. We have a fixed fee arrangement with Aon for bonding, and we can confirm the cost of bonding to be £480 (TCLL: £225, TCLGL: £30, HPL: £225).
 - Royal Mail: the cost of the mail redirection was not included in our original estimate of expenses.
 - Mayer Brown LLP: Mayer Brown's fees paid in this period and the prior period were included in our approved fixed fee and therefore no separate estimate had been provided for their fees in our Proposals. Future and any unpaid legal costs incurred by Mayer Brown will be funded separately by the Secured Creditors and will not be part of our approved fixed fee.
- In addition to the expenses incurred in the table below, we have also paid £185 (plus VAT) to FTI Consulting LLP (Technology) in respect of the purchase of hard drives for the data download of the Companies' electronic books and records. Please see our Receipts and Payments account at Appendix C.
- We do not expect that any other Category 1 disbursements will be charged to the estates, as any incurred will be included as part of our fixed fee. We do not expect to incur any Category 2 disbursements.
- Any payments made on behalf of Group companies (for which funding has been received) have been excluded from these breakdowns. A full breakdown of all such payments are included at Appendix C in the Receipts and Payments accounts under Secured Creditor Commitments.
- We do not anticipate any other categories of expenses to exceed the estimates given to creditors when fixing the basis of our remuneration.
- For further details of the amounts paid for these expenses in the Administration to date by period, please see Appendix C for the Receipts and Payments accounts.

Analysis of Non-Trading Expenses (TCLL) continued

Cost estimates

Payee	Type of Costs	Estimated Amount (£)	Total Amount Incurred to Date (£)	Amount Incurred in this Period	Estimated Future (£)	Estimated Total (£)	Amount Paid (£)	Amount Unpaid (£)
EPE Reynell	Statutory Advertising	100	184	-	-	184	184	-
Aon UK Limited	Insurance Risk Services	8,000	-	-	-	-	-	-
Aon UK Limited	Bonding	100	225	-	-	225	225	-
Royal Mail	Redirection of Mail	-	321	-	-	321	321	-
Mayer Brown LLP	Legal Fees	-	194,531	41,416	30,000	224,531	153,115	71,416
	Pre-Administration							
Mayer Brown LLP	Costs*	120,000	90,665	-	-	90,665	90,665	-
Gerald Eve LLP	Agents' Fees**	-	-	-	tbc	tbc	-	-
	Total (excluding VAT)	128,200	285,926	41,416	30,000	315,926	244,510	71,416

*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.

**Should we receive a business rates recovery through our agents, Gerald Eve LLP, we will need to pay a success fee of 20% of any realisation. An update will be provided to creditors in due course.

Analysis of Non-Trading Expenses (TCLGL)

Cost estimates

- The table below compares our estimate of the non-trading expenses deemed likely to be incurred during the Administration per our Proposals, with actual non-trading expenses incurred to date (exclusive of any applicable VAT).
- As set out in the table below, the total expenses we have incurred in this matter have exceeded the total expenses we estimated we would incur when our remuneration was approved.
- The reasons we have exceeded the estimate of expenses are as follows:
 - EPE Reynell: the cost of advertising our Proposals to Members was not included in our original estimate of expenses and irrecoverable VAT had not been included.
 - Aon UK Limited: insurance costs for HPL and TCLL were all paid from TCLGL, hence the variance. However, the estimate for insurance costs overall across the three entities was £10,000, so overall across the three entities, there is a positive variance for this category of expense.
 - Royal Mail: the cost of the mail redirection was not included in our original estimate of expenses.
- We do not anticipate any other categories of expenses to exceed the estimates given to creditors when fixing the basis of our remuneration.
- Any payments made on behalf of Group companies (for which funding has been received) have been excluded from these breakdowns. A full breakdown of all such payments are included at Appendix C in the Receipts and Payments accounts under Secured Creditor Commitments.
- The office holders have paid the bonding costs as a disbursement and they are to be included as part of our fixed fee, with no separate charge for expenses incurred by the estates and therefore this expense is not shown on our Receipts and Payments account at Appendix C. We have a fixed fee arrangement with Aon for bonding, and we can confirm the cost of bonding to be £480 (TCLL: £225, TCLGL: £30, HPL: £225).
- Provided below are breakdowns of our estimated external costs
- For further details of the amounts paid for these expenses in the Administration to date by period, please see Appendix C for the Receipts and Payments accounts.
- In our previous Progress Report for the period to 14 March 2022, in the Statement of Expenses, we included company director costs in the sum of £89k. As the work undertaken in this category is for work around the Group, this is instead shown in Secured Creditor Commitments in the Receipts and Payments account at Appendix C.

Payee	Type of Costs	Estimated Amount (£)	Total Amount Incurred to Date (£)	Amount Incurred in this Period	Estimated Future (£)	Estimated Total (£)	Amount Paid (£)	Amount Unpaid (£)
EPE Reynell	Statutory Advertising	100	184		-	184	184	-
Aon UK Limited	Insurance Risk Services	1,000	2,000		-	2,000	2,000	-
Aon UK Limited	Bonding	100	30		-	30	30	-
Royal Mail	Redirection of Mail	-	321	321	-	321	321	-
	Total (excluding VAT)	1,200	2,535	321	-	2,535	2,535	-

Analysis of Non-Trading Expenses (HPL)

Cost estimates

- The table below compares our estimate of the non-trading expenses deemed likely to be incurred during the Administration per our Proposals, with actual non-trading expenses incurred to date.
- As set out in the table below, the total expenses we have incurred in this matter have exceeded the total expenses we estimated we would incur when our remuneration was approved.
- The reasons we have exceeded/expect to exceed the estimate of expenses are as follows:
 - EPE Reynell: the cost of advertising our Proposals to Members was not included in our original estimate of expenses and irrecoverable VAT had not been included.
 - Royal Mail: the cost of the mail redirection was not included in our original estimate of expenses.
 - Mayer Brown: legal fees were not included in our original estimate of expenses. Legal fees here have been incurred in the period in respect of the Liesenbrucken funds (£17,000 plus VAT), and we expect to incur further legal fees in due course in respect of the exit process to liquidation.
 - Aon UK Limited: bonding costs of £225 were underestimated in our original forecast of expenses. The office holders have paid the bonding costs as a disbursement and they are to be included as part of our fixed fee, with no separate charge for expenses incurred by the estates and therefore this expense is not shown on our Receipts and Payments account at Appendix C. We have a fixed fee arrangement with Aon for bonding, and we can confirm the cost of bonding to be £480 (TCLL: £225, TCLGL: £30, HPL: £225).
- Any payments made on behalf of Group companies (for which funding has been received) have been excluded from these breakdowns. A full breakdown of all such payments are included at Appendix C in the Receipts and Payments accounts under Secured Creditor Commitments.
- Provided below are breakdowns of our estimated external costs (exclusive of any applicable VAT).
- For further details of the amounts paid for these expenses in the Administration to date by period, please see Appendix C for the Receipts and Payments accounts.

Payee	Type of Costs	Estimated Amount (£)	Total Amount Incurred to Date (£)	Amount Incurred in this Period	Estimated Future (£)	Estimated Total (£)	Amount Paid (£)	Amount Unpaid (£)
EPE Reynell	Statutory Advertising	100	184	-	-	184	184	-
Aon UK Limited	Insurance Risk Services	1,000	-	-	-	-	-	-
Royal Mail	Redirection of Mail	-	-	-	321	321	-	321
Mayer Brown LLP	Legal Fees	-	17,000	17,000	15,000	32,000	-	32,000
Aon UK Limited	Bonding	100	225	-	-	225	225	-
	Total (excluding VAT)	1,200	17,409	17,000	15,321	32,730	409	32,321



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