In accordance with Rule 18.6 of the Insolvency (England & Wales) Rules 2016.

AM10
Notice of administrator's progress report

Companies House

For further information, please refer to our guidance at www.gov.uk/companieshouse

1 Company details

Company number	0 3 6 8 5 5 2 7
Company name in full	intu properties plc

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

2 Administrator's name

Full forename(s)	James Robert
Surname	Tucker

3 Administrator's address

Building name/number	15 Canada Square
Street	Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	

4 Administrator's name ❶

Full forename(s)	David John
Surname	Pike

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	15 Canada Square
Street	Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

6 Period of progress report

From date	26/06/2020
To date	25/12/2020

7 Progress report

☑ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X J. Tucker X
Signature date	21/01/2021

AM10

Notice of administrator's progress report

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name: Marie Hayden

Company name: KPMG LLP

Address: 15 Canada Square

Canary Wharf

Post town: London

County/Region:

Postcode: E 1 4 5 G L

Country:

DX:

Telephone: Tel +44 (0) 118 964 2208

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Continuation page
Name and address of insolvency practitioner

✓ What this form is for
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ❶
Use extra copies to tell us of additional insolvency practitioners.

✗ What this form is NOT for
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ Filling in this form
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☑ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)	Michael Robert
Surname	Pink

3 Insolvency practitioner's address

Building name/number	15 Canada Square
Street	Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	

Joint Administrators' progress report for the period 26 June 2020 to 25 December 2020

Intu Properties plc - in Administration

21 January 2021

Deemed delivered: 21 January 2021

Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 9).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, www.kpmg.co.uk/intu. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 10).

Contents

1 Executive summary

The Company's Directors resolved to appoint us - Jim Tucker, David Pike and Mike Pink - as Joint Administrators on 26 June 2020. The notice of appointment was lodged at High Court of Justice, Business and Property Courts of England & Wales, Insolvency and Companies list (ChD) on 26 June 2020 and we were duly appointed.

This progress report covers the period from the date of our appointment to 25 December 2020. The Company in this report to creditors is one of eight Companies ("Administration Companies") of the Intu Group ("Group"). There are four sets of progress reports relating to the Administration Companies, all of which are available at www.kpmg.co.uk/intu. This report is for Intu Properties plc ("Properties" or "the Company"). We delivered our statement of proposals ('proposals') to all known creditors on 19 August 2020. Following a decision of creditors, taken by deemed consent, our proposals were approved by creditors without modification on 3 September 2020.

As with all large group insolvencies, the Intu Group was not designed to be easily separable nor wound down, and there are numerous complex arrangements which will take time and resource to resolve throughout the Group. As creditors are aware, the principal activities of the Group were the operation and management of 18 shopping centres, primarily in the UK, including 9 of the top-20 UK centres. The majority of Intu's shopping centres were owned by wholly or majority-owned subsidiaries, each with their own lending structure.

During the first six months of the administration we have taken control of a FTSE100-size organisation, in the environment of the Covid-19 pandemic and its related lockdowns. By stabilising a workforce of c2,400 people and leading them through a very complex separation programme to migrate the operations of all the Group's UK shopping centres with no disruption to trading, this has provided as stable a platform as possible for the Administration Companies to:

- seek to realise the Group's assets for maximum value;
- begin to establish the high volume and complex nature of claims against all relevant Group entities; and
- ultimately, enable distributions to be made to creditors.

Property values

Shopping centre valuations reduced materially during 2020, both before and after Intu's administration in June. At its previous year end, 31 December 2019, the Group recorded liabilities in excess of £5 billion, predominantly secured against property assets which were then valued at £6.6 billion. The falling valuations were in part due to the structural changes which were already taking place in the UK retail market. As is well known, these structural changes have been exacerbated and accelerated by the impact of Covid-19. Although most of the UK initially emerged from lockdown in June/July 2020 and a semblance of normal shopping centre and high street trading resumed in Q3 2020, further lockdowns occurred in Q4 2020 and are currently in place.

As we stated in our August creditor proposals, the value of a number of the Group's shopping centres was potentially breaking within the debt secured against individual shopping centres, with numerous lenders able to enforce against those assets. Nevertheless, the platform was put in place to seek to maintain and realise the remaining value in the Administration Companies' equity, debt and contractual interests in the Group's shopping centres.

The UK shopping centre market has been seeking to understand the current value of UK shopping centres and the level of reduction in property values, in the context where it is currently difficult for stakeholders to measure the stable cashflows which can be generated from many retail tenants or alternative uses. One of the data points which the market had been anticipating was the sale of the Trafford Centre in Manchester, which was generally regarded as Intu's trophy shopping centre and one of the UK's best shopping centres. This asset was put up for sale by the relevant Trafford Propcos, and not by the Administrators or the Administration companies. This was in part because the underlying structure required new-money funding, which had been provided by CPPIB Credit as junior secured borrower. As was widely reported in December, the Trafford Propco sale process was unsuccessful and did not result in any viable bids being received[1], with the result that CPPIB Credit acquired ownership of the Trafford Centre. Market sentiment has not improved since the Trafford sale completed. Whilst many December 2020 shopping centre valuations have yet to be finalised across the market, values have fallen materially during the second half of 2020 and it is now considered likely that the value of the majority of Intu's UK shopping centres breaks in their related secured debt. Since Intu remains the ultimate shareholder of the majority of these structures, discussions will continue to take place with stakeholders regarding the wind down of such structures, including their related tax structures.

Estimated outcome for creditors

The outcome for creditors remains uncertain at present but is likely to be driven by distributions from other Administration Companies on account of inter-company positions held.

There are two key matters to resolve before we can estimate a quantum and publish a timetable for making a distribution to creditors at any of the Administration Companies:

> The inter-company matrix is complex and the balances are material, firstly due to the large volume of transactions which were being processed in the ordinary course of trading, and secondly due to how the Group's operations were structured. In addition, as a longstanding group there are a number of high value transactions dating back a number of years which need to be reviewed and validated. These issues could impact the participation in distributions, the size of the creditor base for each Company and each Company's ability to participate in dividends from other Administration Companies. At the request of certain creditors, we include at Appendix 7 and 8 a full list of the inter-company balances which was prepared by the Directors for their Statement of Affairs dated 12 August 2020. Neither this list nor the related quanta have been agreed by the joint administrators as our validation work is ongoing.

[1] Source: CPPIB press release

We are in ongoing dialogue with HMRC to ascertain the quantum and treatment of taxes arising across the Group. This work is particularly complicated by the cessation of the Group's REIT status, which is automatic on administration. As a complex group there are several tax periods to consider, both pre- and post-administration. Amounts due could form unsecured claims against the Administration Companies or, potentially, may fall as administration expenses. This work to quantify and validate any tax charges is ongoing.

The obstacles to a distribution are being steadily overcome and whilst we are not yet able to confirm the date or quantum of a distribution, we will provide an update to creditors in due course.

Administration costs

Creditors will recall that all of the operations of running the Group's UK shopping centres were carried out centrally by the Administration Companies, certain of which, for example, employed all of the Group's c2,400 employees. The very substantial exercise to maintain operations to 'keep the lights on' at every shopping centre, and then migrate all trading operations during the remainder of 2020, was successful. The operations of all 17 shopping centres were migrated ahead of schedule in only five months (normally a single shopping centre takes c3 months), at the end of which c1,900 employees TUPE-transferred to new employers. The resilience and hard work of all the Group's employees in these circumstances, to ensure the smooth running of centres and the execution of the migrations, was greatly appreciated by the administrators, in particular against the backdrop of rapidly-evolving national COVID-19 restrictions.

This complex operational migration completed in November. We are now in the process of carrying out a 'true-up' of the costs of the shopping centre operations and the substantial engagement which took place between the administrators and every Propco between June and November. These costs were pre-funded by the Propcos and the 'true-up' is anticipated to be substantially completed during Q1 2021.

In our proposals dated 19 August, we set out the estimated trading costs and administrator fees across the Administration Companies. In that report we estimated trading costs of c£100 million, of which c£89 million was estimated to be recharged to Propcos, and administrator fees of c£17 million, of which c£11 million was estimated to be recharged to Propcos. Due to the quantum of activity which has taken place in the last six months, in particular on behalf of Propcos, our latest estimate of administrator fees across the Administration Companies is c£25 million, of which c£17 million is estimated to be recharged to Propcos. Any differences to the overall c£100 million estimate across the Administration Companies will be calculated as part of the TSA 'true-up' phase of work which is anticipated to be substantially completed in Q1 2021.

Other matters

We noted in our previous report to creditors the realisation of cash at bank of £87 million in Intu Properties plc, £62 million at Liberty International Group Treasury Limited and £2 million at Intu Retail Services Limited, a total of £151 million.

There are no creditors with security over the Company's entire business and assets. The Company's RCF lenders hold security over shareholdings in two shopping centres, Manchester Arndale and Cribbs Causeway (Section 3 - Dividend prospects).

The Company's preferential creditors are expected to be repaid in full, albeit are not material in the context of this administration (Section 3 - Dividend prospects).

We anticipate a dividend will be available for unsecured creditors. As explained in this report, the intra-estate position is complex, accordingly the level of return and timing of any distributions to unsecured creditors is currently uncertain. The Administration Companies have retained the relevant Intu employees to assist us with this complex exercise. We are working to develop a distribution plan and at the appropriate time will seek Court approval to make a distribution to the Company's unsecured creditors (Section 2.1 Distributions to creditors and Section 3 - Dividend prospects).

A Creditors' Committee has been formed, and details of the members are set out in this report (Section 4.1 – Creditors' committee).

The Creditors' Committee has approved that our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate and charge-out rates provided. We also attach our expenses estimate (Section 5 - Joint Administrators' remuneration, disbursements and pre-administration costs).

At the end of the administration, we anticipate that the most likely exit route from the administration will be dissolution. Addressing the ongoing work, as set out above and in this report, will take longer than the initial 12-month administration period. We will therefore seek approval to extend the period of the administration (Section 6 – Future strategy).

Please note: you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and can be found at www.kpmg.co.uk/intu. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.

J. Tucker

Jim Tucker
Joint Administrator

2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals.

2.1 Strategy and progress to date

Overview

As with all large group insolvencies, Intu was not designed to be easily separable nor wound down, and there are numerous complex arrangements which will take time and resource to unwind throughout the Group.

During the first six months of the administration we have taken control of a FT100 size organisation in the environment of a global pandemic. By stabilising a workforce of c.2,400 people and leading them through a very complex separation programme to migrate the operations of all the Group's UK shopping centres with no disruption to trading, this has provided as stable a platform as possible for the TopCos in administration to:

i. seek to realise the Group's assets for maximum value;

ii. begin to establish the high volume and complex nature of claims against all relevant Group entities; and

iii. ultimately enable distributions to be made to creditors

The obstacles to a distribution are being steadily overcome with key areas of focus including the confirmation of inter-company positions and the HMRC claim which ranks unsecured alongside other creditors. We are not yet in a position to confirm the date or quantum of a distribution but we will provide an update in due course.

All 17 UK shopping centre operational migrations have now been completed and c.1,900 staff transferred to new roles. The inherent instability of the administration process and the backdrop of the pandemic meant that simply 'keeping shopping centre lights on' was far from straightforward, let alone the successful operational migration of all centres in less than five months.

The cost of providing the TSA services and facilitating the migration was funded in advance by the PropCos. The true-up of TSA costs is reasonably extensive and will take some time to engage with Propcos, we expect the majority of this process to be completed in Q1 2021. All relevant costs (including fair allocations of administrator costs, legal costs, group staff costs and overheads) will be recovered from funds held.

The overall administration of the Company must be considered in the context of ultimately collapsing this large and complex Group structure. The recoveries for the Company are expected to be derived from three principal sources; equity inflows from its subsidiaries, distributions against its inter-company receivable positions and cash at bank.

Trading, Transitional Service Agreements (“TSAs”) and paid-for support provided to PropCos

The Group’s shopping centres are owned in separate PropCo structures,with each PropCo generally having its own lending structure. Once the Group’s TopCos entered into administration, a number of the PropCo structures were in default, therefore affording a number of PropCo lenders the legal ability to take control of the relevant Propcos. However, none of the Propcos had any operational or administrative infrastructure of its own at the time of administration; the vast majority of the Group’s operational activity taking place within, or provided by, the Group’s TopCos. In some joint ventures, some services were provided by third parties, but not to a material extent.

Part of our administration strategy has been to continue to trade the Administration Companies on a ‘business as usual’ basis with a view to subsequently migrating the services provided by the Group’s TopCos to alternative providers. A stable migration minimises any claims against the TopCos and potentially protects the equity or inter-company debt interests in the PropCo structures for Properties, LIGTL and the other Administration Companies ahead of a future controlled sale of those assets.

In order to provide a robust governance framework for both migration and near-term provision of operational services from the TopCos and to ensure efficient communication and planning between each service provided by the TopCos to each of the shopping centres, we entered into 16 different TSAs across 10 TSA PropCo structures upon our appointment as administrators. The initial terms of each TSA were six months with termination rights effective from month three onwards. The estimated cost of providing the TSA services was funded in advance by the PropCos.

Whilst a single shopping centre would typically take 3-6 months to migrate its operations in a more stable non-insolvency environment, the administrators and Group staff successfully migrated all 17 Centre assets receiving services under the TSAs by 10 November 2020 (i.e. within five months following appointment). The timely execution of a very complex separation programme to migrate the operations of all Centres receiving services under the TSAs helped provide the stable platform which gives the best prospect of maximising value for the Administration Companies.

Given the scale of operations in the post-administration period, a robust TSA costing exercise is still in progress to ensure a full allocation of both service and migration costs across all centres for the duration of the TSA period. All relevant costs (including fair allocations of administrators’ costs, legal costs, group staff costs and overheads) are recovered from these TSA funds provided by the PropCos. Now that migration has completed, a series of TSA true-up exercises are now under way to ensure full accuracy of cost allocation.

Further details of the TSAs, migration and true-up processes are included in the administrators’ progress report for Intu Retail Services.

Employees

The Company had one employee at the date of our appointment and who remains employed by the business at the date of this report.

Our proposals covering Retail Services, Intu RS, Management Services and Intu Energy provide further detail on Group employees.

Upon completion of a formal consultation process, management and all employees previously providing services at the shopping centres have now successfully TUPE transferred to new providers. 68 head office staff are currently retained to assist the Administrators with the remaining workstreams.

Strategy for realising interests in PropCos and Joint Ventures

As part of the migration programme, we have worked with the PropCos and their directors to preserve their structures and thereby preserve optionality for future sales.

However, this remains a highly challenging environment for realising shopping centre assets as it is extremely difficult for shopping centre owners, investors and lenders to model shopping centre cashflows in the current highly dislocated retail environment (including lockdowns, retailers unwilling / unable to pay rent and suspension of landlord powers to pursue rent).

During the period covered by this report, the following developments have occurred in relation to Centres where the Company had an interest:

- Trafford Centre, Intu Merry Hill, St David's, The Broadmarsh Retail Limited Partnership – Insolvency practitioners (non KPMG) have been appointed over the Group's interests in these assets
- Derby – the JV partner has asserted their right to transfer the Intu interest in the JV for nil value (further detail in the Shopping Centres progress report to creditors)
- Uxbridge - the JV partner has acquired Intu's 20% interest in Metropolitan Retail JV (Jersey) Unit Trust (further detail in the Shopping Centres progress report to creditors)

India

Although complexly structured, the Company holds stakes in a series of entities which develop and own retail and residential property in India. This includes a stake in Prozone Intu Properties Limited, a company listed on the Bombay Stock Exchange and National Stock Exchange of India.

We have engaged local advisers to assist us in assessing the various options for realising these investments but note that there are a number of legal, regulatory, tax and commercial issues to be overcome before value can be returned to the estate.

Fixtures, fittings and office equipment

An agent has been appointed to sell the Company's surplus fixtures, fittings, IT and office equipment, after cleansing IT data.

Surplus fittings and fixtures from the Company's head office have been sold via an online auction and several 'objets d'art' are to be sold at a specialist art auction in the coming months.

Net realisations are expected to be less than £0.2 million.

Intra-Group Agreement

To date, for operational expediency the vast majority of overheads have been met by Retail Services (and to a lesser extent, Shopping Centres), irrespective of where the benefit of those supplies and services has been received. For example, Management Services, Retail Services and Intu RS all employed staff (and are therefore liable for salary and payroll taxes) but the benefit of their work may be for other companies in the group (e.g. realising assets, reconciling inter-company balances, analysing tax positions for Properties, LIGTL, etc).

In order to address this, certain of the Administration Companies have entered into an Intra-Group Agreement as a formal mechanism by which Retail Services can procure services from other Group companies (including Administration Companies) and includes a mechanism by which to seek reimbursements for liabilities incurred (which can be settled by amounts collected by Retail Services under the TSAs). After the TSA True-Up process concludes, the Intra-Group Agreement envisages a reconciliation of residual costs between the signatories.

Corporate simplification exercise

At appointment the Intu group consisted of 258 entities - companies and partnerships - which sat in a complex group structure. Following the administrators' appointment, we undertook an analysis of each entity in order to determine the appropriate strategy to efficiently wind down the group. The key considerations for this were identifying assets and maximising value to the parent companies, minimising holding costs by quickly winding down entities that were no longer needed, and tax. These companies will be placed into either solvent or insolvent liquidation to wind-up their affairs, or be eliminated by striking-off depending on their circumstances.

Distributions to creditors

The outcome for unsecured creditors remains uncertain at present, however, with some £87 million of cash already realised in the Company, in the interest of making a timely interim distribution to creditors, we are developing a distribution plan.

There are two key matters to resolve before we can estimate a quantum and publish a timetable for making a distribution to creditors:

> The inter-company matrix is complex and the balances are material, firstly due to the large volume of transactions which were being processed in the ordinary course of trading, and secondly due to how the group's operations were structured. In addition, as a longstanding group there are a number of high value transactions dating back a number of years which need to be reviewed and validated. These issues could impact the participation in distributions, the size of the creditor base for the Company and the Company's ability to participate in dividends from other Administration Companies. At the request of certain creditors, we include at Appendix 7 and 8 a full list of the inter-company balances which was prepared by the Directors for their Statement of Affairs dated 12 August 2020. Neither this list nor the related quanta have been agreed by the Joint Administrators as our validation work is ongoing.

We are in ongoing dialogue with HMRC to ascertain the quantum and treatment of taxes arising across the Group. This work is particularly complicated by the cessation of the Group's REIT status, which is automatic on administration. As a complex group there are several tax periods to consider, both pre- and post-administration. Amounts due could form unsecured claims against the Administration Companies or, potentially, may fall as administration expenses. This work to quantify and validate any tax charges is ongoing.

Administrators require Court approval to make a distribution to unsecured creditors. We will work with our lawyers, Linklaters, to submit such an application to the Court as soon as practicable.

Swaps

On administration, certain swap counterparties issued their termination notices for outstanding swaps held by LIGTL. We are in the processing of verifying the termination claim amounts, which appear broadly consistent with the Company's pre-administration mark-to-market valuations.

Whilst these amounts are yet to be agreed, Properties appears to be the guarantor for approximately £144 million of the outstanding total, in respect of three of LIGTL's swap counterparties

Shareholders and LSE/JSE Listings

The Company's shares, which were listed on the LSE and JSE, were suspended as at the date of administration. We have since worked with UBS Investment Bank and Bank of America to ensure the shares are delisted in accordance with each Stock Exchange's requirements.

This means there is no longer a public market for the sale of the Company's shares. Shareholders should seek advice from an independent financial adviser, however, whilst we will seek to maximise realisable value for the Company's assets, it is considered very unlikely that the shares will have any value in the future.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Cash at bank

At the time of our appointment, the Company had £87 million invested in a Money Market fund. We contacted the fund manager immediately following our appointment and instructed them to liquidate the investment and transfer the balance to us, which has since been received along with interest.

The Company also held a further seven bank accounts with two banks. We contacted the banks immediately following our appointment and instructed them to freeze the existing accounts, whilst accepting any credits, and to transfer the balances on account to us. One bank holding funds of £2.5 million claimed set off against indebtedness due from other Intu group companies. We have subsequently received legal advice confirming that this set off is valid and consequently these cash balances will not be recoverable in the administration. An amount of under £1,000 was received from the second bank. No further realisations are expected as all realisable balances have now been received.

A 'no-set-off' arrangement of post-administration cash was agreed with Barclays, who operate the administration bank accounts. Additionally, interest bearing accounts have been opened at two further UK financial institutions (with the same 'no set-off' terms).

Intercompany debtors

At appointment, the directors' Statement of Affairs suggests that Intu Properties plc had £899.9 million of intercompany debtors at book value. These are summarised in a table in Appendix 7. By far the largest of these debtors, with a book value of £806.7 million, is from LIGTL.

Per the administrators' progress reports to the creditors of LIGTL and Shopping Centres, it is expected that these entities will pay out a dividend to unsecured creditors, including the Company.

With regards to the Company's remaining debtors, it is unknown at present whether value can be recovered from these amounts.

Investigations

We have reviewed the affairs of the Company to ascertain if there are any actions which can be taken against third parties to increase recoveries for creditors. No causes of action have currently been identified.

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

Prior to our appointment the sales of shares in two of the Group's Spanish assets had completed earlier in 2020. The shareholdings sold were Asturias PropCo Numero Uno, S.L.U. ("Asturias") and Zaragoza Properties, S.A. (formerly Zaragoza Properties Socimi, S.A.) ("PV") with sales completing in FY20 Q1 and Q2 respectively.

In order to be satisfied that the funds were accounted for appropriately we have corroborated the values and confirm that a total of £166m was received by the Company and LIGTL.

The balance of the Asturias' proceeds were due to be upstreamed to Intu Spain Limited, however they were passed to the Company (again, pre-administration) and a €16.4m loan was entered in to between those parties following legal advice received.

We have obtained the relevant documents to corroborate the sale figures and confirm that the sale proceeds were in line with the Share Purchase Agreements along with the completion statements. Additionally, the amounts repaid to LIGTL and Properties were also properly reflected in the general ledger and the intercompany balances have been updated accordingly.

We do not anticipate any further recoveries of cash to Properties or LIGTL as a result of these transactions.

2.3 Costs

Payments made in this period are set out in the attached Receipts and Payments account (Appendix 2).

The vast majority of payments on behalf of the Administration Companies have been made by Intu Retail Services utilising the existing Intu group's BACS facility. This has allowed the payments to be made in a more cost efficient manner than if individual payments had to be raised in each administration company.

Once the majority of payments relating to the continuation of trading of the shopping centres under the TSAs have been completed, the costs paid by Intu Retail Services will be transferred as a recharge to the relevant Administration Companies, along with any share of TSA revenues, using the Intra Group Agreement framework (see section 2.1). We anticipate that these recharges will have been made by the time of our next progress report, which is due in a further six months' time.

Summaries of the most significant payments made by the Company during the period are provided below:

IT payments

The £0.1 million IT payment was paid in order to allow continued post-appointment access to the systems that facilitated the transfer of data and documents to the Centres and were contracted by the Company.

Payments under Intu (Jersey) 2 Limited funding agreement

The Joint Administrators signed a funding agreement with the liquidators of Intu (Jersey) 2 Limited (in liquidation) whereby certain payments would be settled by the Company. The Joint Administrators are entitled to deduct these amounts from any future dividend payable by the Company to Intu (Jersey) 2 Limited.

To date £65,000 of expenses have been settled subject to this agreement.

Rent - 40 Broadway

We have sought to make cost savings in respect of the Group's head office located at 40 Broadway, London. Upon appointment, the Group occupied all of this office which comprises basement, ground and seven upper floors at an estimated annual cost of £2.7 million (including rent, rates and running costs).

On the basis that retained staff are likely to still require some physical office space once current COVID-19 restrictions are lifted but with no prospect of realising a premium in the current market, we completed a surrender of the existing lease on 1 December 2020 and entered into a new 13 month lease (with breaks) of the ground and first floors only at an estimated annual cost of £0.9 million (including rent, rates and running costs). This revised arrangement generates annual savings of c.£1.8 million.

2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

3 Dividend prospects

3.1 Secured creditors

The only security granted by the Company is a specific fixed charge in relation to a facility agreement created on 28 August 2014 in favour of Wells Fargo Bank N.A., London Branch (as Facility Agent and Security Trustee for the RCF Lenders). The fixed charge relates to amounts owed to the Company by Intu The Hayes Ltd. We are not aware of any assets owned by the Company that would be subject to this charge.

A further charge, a mortgage of shares created on 31 October 2006, is showing as outstanding at Companies House. However, we understand that this charge has been unconditionally and irrevocably released.

3.2 Preferential creditors

Preferential claims include certain arrears of wages, accrued holiday pay and pension benefits. The amount of preferential claims is currently unknown, but will be reduced as the employee's salary arrears were paid up to the date of appointment.

Based on current estimates, we anticipate that any preferential creditors should receive a dividend of 100p in the £, however, the timing remains uncertain.

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend. As explained in this report, the intra-estate position is complex, accordingly the level of return and timing of any distributions to unsecured creditors is currently uncertain. The Administration Companies have retained the relevant Intu employees to assist us with this complex exercise. We are working to develop a distribution plan and at the appropriate time will seek Court approval to make a distribution to the Company's unsecured creditors. .

Please refer to Section 2.1 for further details of the work required prior to making a distribution to unsecured creditors, including the requirement to obtain Court approval for such a distribution.

4 Other matters

4.1 Creditors' Committee

A Creditors' Committee has been formed during the period. The members are

- Lloyds Bank Corporate Markets Plc;

- HSBC Bank Plc;
- HSBC Bank Plc in its capacity as agent for the RCF Lenders; and
- GLAS Trustees Limited.

Merrill Lynch International have been invited to attend Committee meetings as an observer, as they have an interest in the outcome of the TopCo administrations but are not a creditor of the Company. They do not have an entitlement to vote.

Committee meetings

The purpose of a Committee is to assist the administrators' in discharging their functions and to determine the administrators' remuneration. The representatives of the Creditors' Committee have all signed non-disclosure agreements governing any confidential information that they receive as a result of their participation in the Committee.

The first formal meeting of the Committee was held on 16 November 2020 and informal updates are provided to discuss matters as they arise.

5 Joint Administrators' remuneration, disbursements and pre-administration costs

5.1 Joint Administrators' remuneration and disbursements

During the period, the Creditors' Committee members have provided approval that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate and charge-out rates provided to the Committee in December 2020. This will include work undertaken in respect of, but not limited to, tax, VAT and employee advice provided to the Joint Administrators;

- all pre-administration costs and disbursements relating to preparation for the administration of the Company, as set out in our proposals dated 18 August 2020, be paid as an expense of the administration;

- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in our proposals dated 18 August 2020.

Additionally, the Committee has specifically approved the drawing of remuneration of £1,797,398 for time costs incurred in the period to 30 September 2020 and £955,089 for the period 1 October 2020 to 20 November 2020.

Time costs

From the date of our appointment to 25 December 2020, we have incurred time costs of £3,084,521. These represent 5,031 hours at an average rate of £613 per hour.

Remuneration

During the period, we did not draw any remuneration, but will shortly do so.

Disbursements

During the period, we have incurred disbursements of £5,501. None of these have yet been paid.

Additional information

We have attached a revised fee estimate at Appendix 4. Our fee estimates have increased from the proposals, and further narrative is provided in the Appendix.

We have attached (Appendix 6) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from our appointment to 25 December 2020. We have also attached our charging and disbursements policy.

5.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

Pre-administration costs	Disclosed unpaid costs (£)	Approved (£)	Paid in the period (£)	Outstanding (£)
KPMG's fees	107,720	107,720	0	107,720
Linklaters' fees	14,634	14,634	0	14,634
Total	**122,354**	**122,354**	**0**	**122,354**

In December 2020 we obtained approval from the Creditors' Committee to pay these pre-administration costs as an expense of the administration.

6 Future strategy

6.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- Facilitating receipt of distributions from subsidiary companies (by way of liquidation, dissolution etc);
- Investigating, reconciling and validating historic transactions in order to submit valid intercompany claims and receive and process dividends;
- Reallocating residual costs between the Administration Companies and other Group companies (and apportioning any Additional Receivables collected by Retail Services from PropCos at the outset of the administrations) as envisaged by the Intra-Group Agreement;

- Completing administration corporation tax returns and VAT returns for the relevant periods from our appointment and identifying opportunities to utilise any tax losses to reduce the Company and the wider Group's tax liability;
- Submitting an application to Court for approval to distribute funds to unsecured creditors, agreeing claims and making a distribution to unsecured creditors;
- Payment of administration expenses, including our remuneration as approved by the Creditors' Committee;
- Seeking an extension to the period of the administration, initially from the Creditors' Committee and thereafter from the Court; and
- Complying with statutory and compliance obligations.

6.2 Discharge from liability

At the appropriate time we will seek approval from the Creditors' Committee, or in the alternative unsecured creditors, that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

6.3 Future reporting

We will provide a further progress report within one month of 25 June 2021.

Appendix 1 Statutory information

Company information	
Company name	Intu Properties plc
Date of incorporation	14 December 1998
Company registration number	03685527
Present registered office	KPMG LLP, 15 Canada Square, London, E14 5GL

Administration information	
Administration appointment	The administration appointment granted in High Court of Justice, Business and Property Courts of England & Wales, Insolvency and Companies list (ChD), CR-2020-002884
Appointor	Directors
Date of appointment	26 June 2020
Joint Administrators' details	Jim Tucker, David Pike and Mike Pink
Prescribed Part distribution	The Prescribed Part is not applicable on this case as there are no qualifying floating charge holders.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	25 June 2021

Appendix 2 Joint Administrators' receipts and payments account

Intu Properties plc - in Administration

Abstracts of receipts & payments

Statement of Affairs (£)		From 26/06/2020 To 25/12/2020 (£)	From 26/06/2020 To 25/12/2020 (£)
	ASSET REALISATIONS		
	TSA funding - pre-admin recharges	2,137.64	2,137.64
	Furniture & equipment	30,000.00	30,000.00
89,611,427.00	Cash at bank	87,097,566.12	87,097,566.12
7,882,579.00	Plant & equipment	NIL	NIL
6,017,176.00	VAT refunds (pre-appointment)	NIL	NIL
		87,129,703.76	87,129,703.76
	OTHER REALISATIONS		
	Bank interest, gross	18,809.98	18,809.98
58,589,376.00	Inter-company debtor balances	NIL	NIL
196,030,700.00	Investment in subsidiaries	NIL	NIL
4,055,823.00	Prepayments - deposits	NIL	NIL
933,925.00	Prepayments - other	NIL	NIL
	Receipts under Intu (Jersey) 2 Limited guarantee	NIL	NIL
	Trading surplus/(deficit)	(186,780.08)	(186,780.08)
	Sundry refunds	56,162.82	56,162.82
935,381.00	Trade receivables	NIL	NIL
		(111,807.28)	(111,807.28)
	COST OF REALISATIONS		
	Agents'/Valuers' fees	(6,346.00)	(6,346.00)
Uncertain	Insurance	NIL	NIL
	IT costs	(110,000.00)	(110,000.00)
	Payments under Intu (Jersey) 2 Limited guarantee	(65,211.20)	(65,211.20)
	Statutory advertising	(29.63)	(29.63)
	Bank charges	(131.80)	(131.80)
		(181,718.63)	(181,718.63)
	PREFERENTIAL CREDITORS		
(44,587.00)	Employees	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(470,529.00)	Employees	NIL	NIL
(391,103,459.00)	members of intu properties plc	NIL	NIL
(6,022,396.00)	Other creditors	NIL	NIL
(229,657.00)	Trade & expense	NIL	NIL

(44,851.00)	Unclaimed dividends		
(724,259,659.00)	Unsecured swap guarantees & RCF	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(677,520,127.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(1,435,638,878.00)		**86,836,177.85**	**86,836,177.85**
	REPRESENTED BY		
	VAT receivable		26,529.32
	Cash at Bank		86,809,648.53
			86,836,177.85

Intu Properties plc - in Administration

Trading accounts

Statement of Affairs (£)		From 26/06/2020 To 25/12/2020 (£)	From 26/06/2020 To 25/12/2020 (£)
	OTHER DIRECT COSTS		
	Direct labour	(5,198.19)	(5,198.19)
		(5,198.19)	(5,198.19)
	TRADING EXPENSES		
	Rent	(130,364.00)	(130,364.00)
	Professional fees	(10,204.97)	(10,204.97)
	Sundry expenses	(38,682.38)	(38,682.38)
	Stationery & postage	(2,330.54)	(2,330.54)
		(181,581.89)	(181,581.89)
	Trading surplus/(deficit)	**(186,780.08)**	**(186,780.08)**

The above receipts and payments account does not include any costs that may have been paid by other Group Companies. In due course, these will be reconciled and potentially recharged.

Appendix 3 Schedule of expenses

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below.

Schedule of expenses (26/06/2020 to 25/12/2020)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Other direct costs			
Direct labour	5,198.19	0	**5,198.19**
Trading expenses			
Rent	130,364.00	0	**130,364.00**
Professional fees	10,204.97	17,213.59	**27,418.56**
Sundry expenses	38,682.38	0	**38,682.38**
Stationery & postage	2,330.54	0	**2,330.54**
Cost of realisations			
Administrators fees	0	3,084,520.70	**3,084,520.70**
Administrators disbursements	0	5,500.92	**5,500.92**
KPMG's pre-administration fees	0	107,720.00	**107,720.00**
Pre-appointment legal fees	0	14,634.00	**14,634.00**
Payments under Intu (Jersey) 2 Ltd guarantee	65,211.20	0	**65,211.20**
IT costs	110,000.00	0	**110,000.00**
Statutory advertising	29.63	0	**29.63**
Agents and Valuers fees	6,346.00	0	**6,346.00**
Bank charges	131.8	0	**131.8**
TOTAL	**368,498.71**	**3,229,589.21**	**3,598,087.92**

The above schedule of expenses for the period to 25 December 2020 has been prepared using the information available at the time of writing. Due to the complexity of the payments across the Group it is possible that invoices relating to the period have not yet been received and so are not captured here.

As set out in Section 2.1 (Intra-group agreement) certain costs paid by Retail Services may be reallocated to the appropriate Administration Companies. The reallocation between the administration entities will not be undertaken until the majority of costs have been incurred and finalised and therefore is not reflected in the table above.

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by emailing us at intusuppliers@kpmg.co.uk or by writing to the Joint Administrators of Intu Properties Plc, c/o KPMG LLP, 15 Canada Square, London, E14 5GL.

Appendix 4 Joint Administrators' revised fees estimate

Estimated time costs for the engagement		Estimated time costs disclosed in Proposals dated 18 August 2020			Additional estimated time costs for the engagement			Total
	Narrative	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)	Additional estimated total hours	Additional estimated time cost (£)	Estimated average hourly rate (£)	(£)
Administration & Planning								
Strategy, statutory and compliance – strategic planning and execution, appointment & related formalities, bonding, checklist & reviews, advertising	1	735	473,694	644	953	557,547	585	1,031,241
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	2	377	231,444	614	42	24,828	587	256,272
Cashiering - processing receipts, payments and bank reconciliations	3	366	155,375	425	(169)	(80,000)	473	75,375
General - books & records, fees & work in progress	4	355	214,815	605	(83)	(56,926)	685	157,888
Creditors								
Committee - formation and reports, meetings	5	-	-	-	510	308,000	510	308,000
Creditors and claims - general correspondence, notification of appointment, statutory reports	6	921	669,325	727	476	268,139	564	937,464
Investigations								
Investigations - director conduct and affairs of the Company	7	74	40,505	547	62	35,000	565	75,505
Directors - correspondence, directors' questionnaire / checklist, statement of affairs	8	-	-	-	67	31,000	459	31,000
Realisation of Assets								
Asset Realisation - including insurance of assets	9	1,481	1,122,273	758	(785)	(594,476)	758	527,796
Trading								
Trading - purchases, sales, cash projections	10	481	300,625	625	891	609,333	684	909,959
Total		4,791	3,208,056	670	1,965	1,102,444	561	4,310,500

Note 1 - Strategy, statutory and compliance

This relates to detailed strategy, planning and execution work in order to maximise realisations of the Company's assets for the benefit of creditors, as well as working in conjunction with Intu staff, as set out previously in our Proposals. This workstream also included notifying the Registrar of Companies and other relevant parties of our appointment, arranging bonding and ensuring ongoing compliance with all statutory obligations, such as reporting to creditors and preparing statutory receipts and payments.

We have increased our initial fee estimate to reflect significant amounts of time required in relation to preparing and executing the administration strategy, engagement management and workstream oversight, as well as GDPR and data protection matters.

Note 2 - Tax

VAT and Tax specialists from within KPMG review the Company's VAT and tax affairs. We will submit post-appointment tax and VAT returns as required and we will seek VAT deregistration and tax clearance from HMRC once the asset realisations are finalised.

We have increased our initial fees estimate to reflect the amount of work involved in dealing with VAT and Corporation tax matters, initial reviews, as well as pre and post appointment tax matters.

Note 3 - Cashiering

Cashiering costs include the processing of receipts and payments, bank reconciliations, fund management and the day to day administration of bank accounts which have been opened in the Administration.

We have recategorised costs initially estimated for cashiering, now that the requirements of this administration have become clearer.

Note 4 - General

This includes costs incurred in dealing with various administration matters, including securing the Company's books and records, dealing with their ongoing storage and destruction (where appropriate), as well as maintaining files.

We have recategorised costs initially estimated for this workstream, now that the requirements of this administration have become clearer.

Note 5 and Note 6 – Committee and Creditors and claims

We have split out time spent in relation to the creditors' committee, reporting this separately from time spent in relation to the general Creditors and claims workstream.

The Creditors and claims workstream includes work on an entity priority model to enable a distribution to creditors as soon as possible. It also includes detailed analysis of the complex inter-company position and a detailed claims adjudication process, as well as an application to Court to seek approval to distribute these funds to the Company's unsecured creditors.

Also included is the notification of our appointment and the issuing of statutory reports to creditors as well as responding to general creditor queries and correspondence received during the administration.

The Committee workstream includes work in relation to the formation of and reporting to the committee, non-disclosure arrangements, as well as responding to information requests by the committee.

Note 7 and 8 – Investigations and Directors

Certain costs were re-categorized from 'Investigations' to 'Directors'. We performed our statutory investigation into the conduct of the Company's Directors and the affairs of the Company prior to our appointment as Joint Administrators. We completed directorship searches and complied with our statutory duties, such as submitting an assessment of the Directors' conduct to the Insolvency Services.

We have increased our initial fee estimate to reflect additional work that was required to analyse the pre-appointment inter-company position and transactions.

Note 9 - Asset realisation

The Company's assets comprise cash, inter-company receivables, potential equity in shopping centre investments and Joint Ventures, trade receivables and fixed assets, such as unencumbered real estate assets (investment and development property) and Spanish real estate. Our work includes pursuing the realisation of these assets.

We have recategorised costs initially estimated for asset realisation, now that the requirements of this administration have become clearer.

Note 10 - Trading

The Administration Companies continued to trade on a largely 'business as usual' basis to provide a stable operational migration of the PropCos. Our work included approving supply, liaising with suppliers and forecasting costs. The costs incurred in relation to the work performed under the TSAs for the PropCos will be re-charged.

We have increased our initial fee estimate due to the complexities in the operational migration and the accelerated timetable in which this was completed. Substantial time was incurred in resolving issues and co-ordinating with the various TSA stakeholders.

Appendix 5 Joint Administrators' revised expenses estimate

Revised expenses estimate	Narrative	Initial estimates for the Administration Companies as set out in our proposals (£)	Revised estimate for Intu Properties PLC in Administration (£)
Cost of realisations			
Employee costs	1	21,025,000	292,065
IT costs	2	3,524,000	922,663
Other costs	3	1,014,000	792,986
Advertising / PR	4	1,302,000	105,565
Legal fees	5	4,000,000	2,583,449
Other property expenses	6	2,602,000	942,616
Insurance	7	500,000	648,633
External advisor fees	8	3,531,000	1,310,096
KPMG's pre-administration fees	9	340,000	107,763
Pre-appointment legal fees	10	234,000	14,990
Service charge costs directly relating to PropCos	11	39,612,000	-
PropCo direct costs	12	22,303,000	-
Contingency (assumed recharged under TSA)	13	-	233,360
Total		**99,987,000**	**7,954,185**
Less: Costs recharged under TSAs	14	(88,593,000)	(3,849,230)
Net total expenses	**15**	**11,394,000**	**4,104,955**

Overview

Detailed work on our strategy for this engagement, which explains how and why the above costs are expected to be incurred is set out in Section 2.1. The estimates in the table above for Intu Properties Plc reflect an estimate of the costs that are contractually borne by the Company and will be subject to change as the engagement is progressed.

Note 1 - Employee costs

Employee costs represent the gross payroll costs (i.e. salary, employers' taxes and pension contributions) in relation to staff retained (and expected to continue to be retained) during the administration of the Group. An element of employee costs will be recharged to the PropCos in accordance with the terms of the TSAs. An estimate of this amount is included in the "Costs recharged under TSAs" estimate, however, the ultimate recharge will be calculated on actual costs incurred and paid.

In order to incentivise employees throughout the administration of the Administration Companies we have agreed appropriate incentive arrangements with the employees. Again, the appropriate proportion of this is being recharged to the PropCos for delivering a stable post-administration operating platform.

Note 2 - IT costs

IT costs relate to payments to software, infrastructure and support suppliers for the Group's key systems and data sources. A number of the Administration Companies' IT systems are essential for the provision of data to support the Propco migration exercise, as well as the day to day operations at the shopping centres. Other systems were, and continue to be, critical in supporting the infrastructure of the Group (for example, domain name hosting, financial management, payroll etc.). As with employee costs there will be a recharge element to the PropCos.

Note 3 - Other costs

Other costs comprise our estimate of general overheads associated with the administration of the Administration Companies such as consumables, bank charges and statutory costs.

Note 4 - Advertising / PR

Advertising and PR costs are primarily for the benefit of the Propcos and we expect the majority of these costs will be recharged.

Note 5 - Legal fees

Legal fees comprise the costs expected to be incurred during the administration by our lawyers, primarily Linklaters, on a number of matters including: advice in relation to the Coronavirus Job Retention Scheme ("CJRS"); other employment matters; TSAs and migrations; realising any equity interests and realising any other assets; data protection related issues; the pursuit of any debtor balances that may require legal action; counsel and Court fees for any other applications to Court; and general matters arising in the administrations.

Note 6 - Other property expenses

Rent, rates and other property costs are primarily incurred for the benefit of the Propcos and as such the majority of these will be recharged.

Note 7 - Insurance

Our estimated insurance costs include the costs of obtaining (or maintaining) public liability insurance, employers' insurance and general asset insurance etc. during the administrations.

Note 8 - External advisor fees

External advisor fees are Audit, Tax, legal, HR, Regulatory, valuations, M&A and other advisory fees expected to be incurred during the Group's administration.

Note 9 - KPMG's pre-administration fees

Pre-appointment Joint Administrator's fees relate to time spent in preparation for taking control of the Administration Companies in the days prior to appointment. This was a significant exercise given the scale of the business and the complexity of the operations.

Refer to section 5.2 for further detail.

Note 10 - Pre-appointment legal fees

Pre-appointment legal fees relate to costs incurred with Linklaters for advice regarding he appointment of Administrators to Shopping Centres and certain other Group companies, drafting, negotiating and arranging for execution of TSAs and employment law advice in connection with the proposed administrations.

Note 11 - Service charge costs directly relating to PropCos

These costs relate to service charge costs (ultimately borne by the tenants in the shopping centres) that are incurred by one of the Administration Companies and recharged to PropCos.

The majority of the costs relate to the staff that work in the shopping centres but which are employed by one of the Administration Companies.

Note 12 - Propco direct costs

Propco direct costs are third party supplier service charge costs directly incurred by PropCos, but procured and paid on their behalf by the Group and subsequently reimbursed.

Note 13 - Contingency (assumed recharged under TSA)

A contingency has been included to capture any risk associated with the costs set out above as we gain more visibility over the actual invoices received.

Note 14 - Costs recharged under TSAs

The majority of the costs associated with the Propcos' central services such as IT, HR and finance are procured and paid by the Administration Companies. In order to reflect the work undertaken by Administration Company staff and systems for the Propcos, we intend to recharge an appropriate element of costs incurred.

Note 15 - Net total expenses

This estimate is based on our view of the costs incurred to undertake work that is not directly related to the migration or PropCo workstreams.

Appendix 6 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT and employee advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/

If you are unable to access this guide and would like a copy, please contact us at intusuppliers@kpmg.co.uk.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for: Restructuring	
Grade	From 01 Jan 2020 £/hr
Partner	920
Director	810
Senior Manager	710
Manager	565
Senior Administrator	415
Administrator	315
Support	157

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

Use of privately-owned vehicle or car cash alternative – 45p per mile.

Use of company car – 60p per mile.

Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements from the date of our appointment to 25 December 2020.

SIP 9 - Disbursements	Category 1		Category 2		
Disbursements	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	**Totals (£)**
External printing		1,771.29		NIL	**1,771.29**
Meals		20.00		NIL	**20.00**
Sundry IT costs		185.00		NIL	**185.00**
Postage		2,932.24		NIL	**2,932.24**
Rates		11.00		NIL	**11.00**
Sundry		189.99		NIL	**189.99**
Travel		391.40		NIL	**391.40**
Total		**5,500.92**		**NIL**	**5,500.92**

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements have been approved in the same manner as our remuneration.

Narrative of work carried out for the period 26 June 2020 to 25 December 2020

The key areas of work have been:

Trading and support under the terms of the TSAs	preparing cash flow statements to monitor the cash position; attending to supplier and customer queries and correspondence; raising, approving and monitoring purchase orders and setting up control systems for trading; negotiating and making direct contact with various suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support; ensuring ongoing provision of emergency and other essential services to site; entering into TSAs with PropCos, negotiating an initial funding package, monitoring and delivering the terms of the TSAs; ensuring the continued provision of essential IT Services; maintaining close contact with PropCos and Centres in relation to the operations of the Centres; attendance of PropCo board meetings and shareholders updates; preparation of supporting materials for PropCo / stakeholder discussions; providing cost updates in respect of TSAs; Working with PropCos on migration activities;
Statutory and compliance	collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment; issuing regular press releases and posting information on a dedicated web page; preparing statutory receipts and payments accounts; arranging bonding and complying with statutory requirements; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; briefing of our staff on the administration strategy and matters in relation to various work-streams; regular case management and reviewing of progress, including regular team update meetings and calls; meeting with management to review and update strategy and monitor progress; reviewing and authorising junior staff correspondence and other work; dealing with queries arising during the appointment; reviewing matters affecting the outcome of the administration; allocating and managing staff/case resourcing and budgeting exercises and reviews; liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; complying with internal filing and information recording practices, including documenting strategy decisions. Reviewing the large number of subsidiary entities owned by the Company and identify any that require strike off or liquidation
Cashiering	setting up administration bank accounts and dealing with the Company's pre-appointment accounts; negotiating no set-off arrangements for administration bank accounts Opening interest bearing accounts at two further UK financial institutions (with the same 'no set-off' terms) in order to provide a spread of counterparty risk for the administration funds in hand. preparing and processing vouchers for the payment of post-appointment invoices; creating remittances and sending payments to settle post-appointment invoices; preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks; reviewing and processing employee expense requests; reconciling post-appointment bank accounts to internal systems; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.

Tax	gathering initial information from the Company's records in relation to the taxation position of the Company; submitting relevant initial notifications to HM Revenue and Customs; reviewing the Company's pre-appointment corporation tax and VAT position; analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; working initially on tax returns relating to the periods affected by the administration; analysing VAT related transactions; dealing with post appointment tax compliance.
Shareholders	arranging for the delisting of shares from the LSE and JSE; providing a Q&A document on our insolvency portal; responding to enquiries from shareholders regarding the administration; advertising availability of reports to the shareholders.
General	reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	collating information from the Company's records regarding the assets; liaising with agents regarding the sale of assets; liaising with third party financial institutions for the realisation and recovery of cash at bank and invested in Money Market funds; reviewing outstanding third party debtors and management of debt collection strategy; liaising with Company credit control staff and communicating with debtors; reviewing and reconciling the inter-company debtor position between the Company and other group companies.
Property matters	performing land registry searches; renegotiation of property arrangements for the Head Office.
Sale of business and assets	planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers; seeking legal advice regarding sale of business, including regarding non-disclosure agreements; dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room; managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties; carrying out sale negotiations with interested parties.
Health and safety	liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Open cover insurance	arranging ongoing insurance cover for the Company's business and assets; liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; assessing the level of insurance premiums. Review and renew the D&O cover.
Employees	dealing with queries from employees regarding various matters relating to the administration and their employment; dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; holding employee briefing meetings to update employees on progress in the administration and our strategy; ensuring security of assets held by employees.
Pensions	collating information and reviewing the Company's pension schemes; ensuring compliance with our duties to issue statutory notices.
Creditors and claims	drafting and circulating our proposals; creating and updating the list of unsecured creditors; responding to enquiries from creditors regarding the administration and submission of their claims; reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; drafting our progress report; Reviewing material claims against the estate and seeking legal advice on validity where appropriate;

	Preparing an entity priority model to map the flows of funds from any distribution; Validate and review inter-company transactions.
Committee	dealing with the formation of the Creditor's Committee and agreeing the terms of a Non-Disclosure Agreement; arranging and chairing the first meeting of the Creditors' Committee and providing regular updates to committee members.
Investigations/ directors	reviewing Company and directorship searches and advising the directors of the effect of the administration; liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies; arranging for the redirection of the Company's mail; reviewing the questionnaires submitted by the Directors of the Company; reviewing pre-appointment transactions; submitting the online director conduct assessment to the relevant authority.

Time costs

SIP 9 –Time costs analysis (26/06/2020 to 25/12/2020)	Hours	Time Cost (£)	Average Hourly Rate (£)
Trading			
Asset Realisation			
Health & safety	**17.00**	8,465.00	497.94
Cashiering			
Fund management	**5.30**	3,492.50	658.96
General (Cashiering)	**38.80**	13,128.00	338.35
Employees			
Pensions	**1.40**	659.50	471.07
Tax			
Initial reviews - CT and VAT	**5.95**	4,148.50	697.23
Post appointment corporation tax	**355.40**	224,841.25	632.64
Post appointment VAT	**15.20**	10,677.00	702.43
Trading			
Cash & profit projections & strategy	**23.60**	15,975.00	676.91
Employee Matters / PAYE	**10.00**	5,588.50	558.85
Negotiations with suppliers / landlords	**9.15**	4,617.75	504.67
Trading Management	**75.10**	63,467.50	845.11
Administration & planning			
General			
Books and records	**86.10**	43,065.50	500.18
Fees and WIP	**153.95**	69,991.25	454.64

Statutory and compliance			
Appointment and related formalities	**40.20**	27,111.00	674.40
Budgets & Estimated outcome statements	**45.25**	21,355.75	471.95
Checklist & reviews	**7.20**	2,848.00	395.56
Pre-administration checks	**28.50**	10,096.00	354.25
Strategy	**112.15**	93,034.50	829.55
Creditors			
Committees			
Formation and reports	**383.75**	236,623.75	616.61
Meetings	**41.05**	30,079.75	732.76
Creditors and claims			
Notification of appointment	**6.50**	3,351.00	515.54
General correspondence	**123.30**	72,859.25	590.91
Agreement of claims	**208.40**	122,475.50	587.69
Inter company creditor agreement	**518.85**	272,256.50	524.73
Statutory reports	**167.45**	100,268.75	598.80
Revolving Credit Facility	**107.05**	76,666.75	716.18
Convertible bonds	**12.40**	10,418.00	840.16
Pre-appointment VAT / PAYE / CT	**3.00**	2,430.00	810.00
General analysis			
Asset Realisation			
Investments in India	**33.70**	22,165.50	657.73
Investments in Joint Ventures	**70.37**	38,887.40	552.61
Investments in Propco subsidiaries	**187.75**	154,175.00	821.17
Propco liaison/disposal	**422.63**	299,271.60	708.12
Statutory and compliance			
Strategy, oversight and execution	**751.94**	521,018.95	692.90
Project management	**395.95**	183,655.00	463.83
GDPR and data protection	**105.50**	75,187.50	712.68
Investigation			
Directors			
Correspondence with directors	**5.50**	3,591.00	652.91
D form drafting and submission	**33.60**	14,732.00	438.45

Directors' questionnaire / checklist	**10.60**	3,942.00	371.89
Statement of affairs	**17.75**	8,718.00	491.15
Trading			
TSA - wind-down activities	**7.70**	3,195.50	415.00
Investigations			
Review of pre-appt transactions	**34.80**	19,646.00	564.54
Realisation of assets			
Asset Realisation			
Cash and investments	**103.05**	56,324.00	546.57
Debtors	**6.60**	5,156.00	781.21
Insurance	**21.10**	12,927.00	612.65
Intellectual Property	**2.10**	1,701.00	810.00
Leasehold property	**116.80**	58,502.00	500.87
Other assets	**101.70**	51,733.50	508.69
Total in period	**5,031.14**	**3,084,520.70**	**613.09**

Brought forward time (appointment date to SIP 9 period start date)	0	0
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	5,031.14	3,084,520.70
Carry forward time (appointment date to SIP 9 period end date)	5,031.14	3,084,520.70

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 7 Inter-company debtor balances

At the request of certain creditors we include below a full list of the inter-company balances that was prepared by the Directors for the Statement of Affairs of the Company dated 12 August 2020. This list does not reflect the value that the Joint Administrators believe is either due or payable as our validation work is ongoing.

Intercompany Debtor Balances		
Debtor entity	**Book Value (£)**	**Expected recovery per Statement of Affairs (£)**
Liberty International Group Treasury Limited	806,682,656	0
Nailsfield Limited	51,097,187	16,451,798
Intu Holding SARL - GBP	36,928,805	36,928,805
Intu Shopping Centres plc	5,204,977	5,204,977
Libint (Proprietary) Limited	2,814	2,659
The Chapelfield Partnership	692	692
Broadway Retail Leisure Limited	596	0
The Trafford Centre Limited	390	390
Braehead Glasgow Limited	120	0
The Metrocentre Partnership	93	0
Intu Lakeside Limited	88	0
Metropolitan Retail JV (Jersey) Unit Trust	29	29
The Wilmslow (No. 3) Limited Partnership	28	28
Intudigital Limited	15	0
Victoria Centre Partnership	9	0
The Broadmarsh Retail Limited Partnership	4	0
Total	**899,918,500**	**58,589,376**

Appendix 8 Inter-company creditor balances

At the request of certain creditors we include below a full list of the inter-company balances that was prepared by the Directors for the Statement of Affairs of the Company dated 12 August 2020. This list does not reflect the value that the joint administrators believe is either due or payable as our validation work is ongoing.

Intercompany Creditor Balances	
Creditor entity	**Statement of Affairs amount (£)**
Intu (Jersey) 2 Limited	376,649,590
Intu Spain Limited	13,677,622
Intu Investments Limited	763,629
Sprucefield No.2 Limited Partnership	10,752
Intu (Jersey) Limited	1,761
Intu (SGS) Topco Limited	100
Liberty Capital plc	2
Liberty International Construction and Development	1
Intu Shelfco 3 plc	1
Intu Metrocentre Topco Limited	1
Total	**391,103,459**

Appendix 9 Glossary

Administration Companies	Intu Properties plc, Intu Shopping Centres plc, Liberty International Holdings Limited, Liberty International Group Treasury Limited, Intu Management Services Limited, Intu Retail Services Limited, Intu RS Limited and Intu Energy Limited (all in administration)
Barclays	Barclays Bank Plc
CBRE	CBRE Group
Centres	The Group's interest in the following shopping centres: Intu Braehead & Soar at Braehead, Intu Broadmarsh, Intu Eldon Square, Intu Lakeside, Intu Merry Hill, Intu Milton Keynes, Intu Potteries, Intu Trafford Centre, Intu Victoria Centre, Intu Watford, Intu Chapelfield, Intu Derby, Intu Metrocentre, Intu Uxbridge, Intu St Davids (Cardiff)
Company/Properties	Intu Properties plc (in administration)
Convertible Bonds	£375,000,000 2.875 percent. Guaranteed Convertible Bonds due 2022 issued by Intu (Jersey) 2 Limited
Convertible Bondholders	The holders of the Convertible Bonds
Group/ Intu	The Company, together with the Administration Companies and some 251 subsidiaries in the Intu Group;
Intu Energy	Intu Energy Limited
Intu Jersey	Intu (Jersey) 2 Limited (now in liquidation)
Intu RS	Intu RS Limited

Joint Administrators/we/our/us	Jim Tucker, David Pike and Mike Pink
JSE	Johannesburg Stock Exchange
JV	Joint Venture
KPMG	KPMG LLP
LIGTL	Liberty International Group Treasury Limited
LIHL	Liberty International Holdings Limited
Linklaters	Linklaters LLP
LSE	London Stock Exchange
Management Services	Intu Management Services Limited
PropCos	Property owning companies within the Intu Group
RCF	Revolving credit facility dated 25 February 2009 as amended from time to time, under which Properties is the borrower
RCF Lenders	The lenders under the RCF
REIT	Real Estate Investment Trust
Retail Services	Intu Retail Services Limited
Shopping Centres	Intu Shopping Centres plc

TopCo	A company within the Group which is not a PropCo and which includes the Administration Companies
TSA	Transitional Services Agreement
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 10 Notice: About this report

This report has been prepared by Jim Tucker, David Pike and Mike Pink, the Joint Administrators of Intu Properties plc – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 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.

James Robert Tucker and David John Pike and Michael Robert Pink are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

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