



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

1 Company details

Company number 03685527

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 10 Fleet Place

Street

Post town

London

County/Region

Postcode

EC4M7RB

Country

4 Administrator's name ①

Full forename(s) David John

Surname Pike

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 10 Fleet Place

Street

Post town

London

County/Region

Postcode

EC4M7RB

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 2	^d 6	^m 1	^m 2	^y 2	^y 0	^y 2	^y 1
To date	^d 2	^d 5	^m 0	^m 6	^y 2	^y 0	^y 2	^y 2

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

^d 2	^d 1	^m 0	^m 7	^y 2	^y 0	^y 2	^y 2
-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

**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 **Interpath Ltd**

Address **5th Floor, 130 St Vincent Street
Glasgow**

Post town **G2 5HF**

County/Region

Postcode

Country

DX

Telephone **Tel +44 (0) 203 989 2800**

**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. ①
Attach this to the relevant form.
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

① 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

10 Fleet Place

Street

Post town

London

County/Region

Postcode

E C 4 M 7 R B

Country

Joint
Administrators'
progress report
for the period 26
December 2021
to 25 June 2022

Intu Properties Plc - in Administration

22 July 2022

Deemed delivered: 22 July 2022

Notice to creditors

This progress report provides an update on the administration of Intu Properties Plc (“the Company”).

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 their 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.

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).

Please note that KPMG LLP sold its Restructuring practice in the UK to Interpath Ltd (‘Interpath Advisory’) on 4 May 2021. This will not have an impact on your day-to-day dealings of the administration of the Company and your case contacts remain the same. For further details, please refer to the insolvency portal at <http://intuproperties.ia-insolv.com>.

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://intuproperties.ia-insolv.com>. 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	1
2	Progress to date	9
3	Dividend prospects	16
4	Other matters	18
5	Joint Administrators' remuneration and expenses	21
6	Future strategy	26
Appendix 1	Statutory information	27
Appendix 2	Joint Administrators' receipts and payments account	28
Appendix 3	Schedule of expenses	31
Appendix 4	Joint Administrators' revised fees estimate	33
Appendix 5	Joint Administrators' revised expenses estimate	35
Appendix 6	Joint Administrators' charging and expenses policy	37
Appendix 7	Intercompany receivables and payables	44
Appendix 8	Indicative Estimated Outcome	45
Appendix 9	Glossary	46
Appendix 10	Notice: About this report	49

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 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 <http://intuproperties.ia-insolv.com>. This report is for Intu Properties Plc ("Properties" or "the Company"), the Group's former listed 'TopCo'. Whilst the detail in each report is necessarily different, the executive summary of each of the four reports is deliberately similar, such that creditors can obtain an understanding of the overall Group administrations.

This progress report covers the fourth six-month period from 26 December 2021 to 25 June 2022.

We have achieved a number of key milestones across the Intu administrations in this latest six-month period:

- A comprehensive refinancing of the Madrid Xanadú shopping centre JV. This included a multi-hundred-million-euro refinancing of the JV-level debt, and the insertion of mezzanine debt into the 'Intu limb' of the structure. This transaction puts in place the stable platform for Xanadú's next stage of growth as the prime European shopping centre market rebounds from the impact of the pandemic, after which we plan to realise Intu's 50% interest;
- Brokered a transaction with the JV partner of the Costa del Sol development asset, such that the sale process is now under Intu's control once the JV has achieved key changes to the planning status of the underlying asset;
- The close out of 7 of the 16 TSAs, which were agreed with the PropCos which owned the majority of Intu's UK shopping centres at the commencement of the administrations, through which c£60 million of trading was conducted and intercompany receivables collected;
- A solution with HMRC, the UK tax authority, in relation to all material historic capital transactions of the Group, with HMRC's agreement of no material claims accruing to the Group. This agreement unlocked the material distributions referred to below;
- In May 2022 we distributed just under £90 million to creditors, £48.8 million from Properties and £38.0 million from LIGT; and
- In addition, around the time of this report we are distributing c£10.7 million from Shopping Centres.

Following these material developments, we have discussed with the Informal Creditors' Committee, and now propose to all creditors, a revised mechanism for the payment of future administration fees, part of which is contingent on achieving realisations from Xanadú and Costa del Sol.

We repeat the point made in the notices to this report, that 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.

Estimated outcome for creditors and first interim distributions

In May 2022, we distributed a total of £86.8 million to creditors (£48.8 million from Properties, representing 3.27p in the £ and £38 million from LIGT, representing 1.3p in the £).

The interim distribution in Shopping Centres totalling £10.7 million (50p in the £) has just been declared and these dividend payments will be with creditors shortly.

In our progress report to creditors dated 22 July 2021, we provided a preliminary estimate of outcomes for creditors. Our work since then has continued to refine the assumptions that drive the estimated outcome including expected recoveries from assets, costs, and the quantum of creditors.

We are now in a position to issue updated estimated outcome statements to creditors, summarised below and with detail in Appendix 8.

As per our previous estimated outcomes, it remains difficult to estimate realisable values for the Group's non-UK assets at this time. As previously reported, we have not included them in our estimated outcome statements.

The material changes to assets and liabilities from those set out in our 22 July 2021 report are as follows:

Assets. We had previously accrued for an unliquidated unsecured commercial guarantee claim in the Shopping Centres administration, estimated at £60 million. At the previously estimated return of up to 78p in the £, that claim was accrued in our estimated outcome model with a potential cash value of c£47 million. As part of the recent claims admission and distribution process we enacted at Shopping Centres, and despite our repeated attempts to engage with the relevant potential counterparty, no claim has been received from it. We have therefore released this provision. On that basis, the estimated outcome for Shopping Centres has increased to 100p in the £ for unsecured creditors, with the further prospect of receiving statutory interest. This also increases intercompany distributions and would eventually allow equity distributions to Properties and LIGT (c£25 million and £5 million, respectively). It should be noted that any creditor can make a 'catch up' claim at any point which, if admitted, would rank in future distributions but cannot disturb

completed distributions. If any such claim is submitted and admitted, the increased estimated realisations for Administration Companies referred to above could be reduced or eliminated.

Liabilities. The administrators of LIHL have reduced estimated intercompany creditors by £169 million, being the amount LIHL owed to its subsidiary, Transol Investments Limited (“Transol”), and which ultimately flowed back up from Transol to LIHL. This group balance is to be eliminated as part of the related tax steps discussed with HMRC, and which remains subject to HMRC’s formal approval that is expected imminently. After which, Transol is likely to be dissolved by its directors.

For **Properties**, our revised indicative estimate is that unsecured creditors may ultimately receive a return of **9.1p in the £** (previously 7.0p in the £). This is calculated as £136 million of net realisations divided by c£1.5 billion of liabilities. The key creditor groups confirmed in the recent distribution process were:

- RCF Lenders: £581 million;
- Guarantees under the Convertible Bonds: £377 million;
- Intercompany creditors including claim by Intu (Jersey) 2 Ltd: £391 million;
- Swap guarantee creditors: £143 million; and
- Trade and expense creditors of £5 million.

This estimate excludes any realisation for the RCF Lenders from their secured interest in the Manchester Arndale and Cribbs Causeway (Bristol) shopping centres.

For **LIGT**, our revised indicative estimate is that unsecured creditors may ultimately receive a return of up to **2.8p in the £** (previously 2.0p in the £). This is calculated as c£82 million of net realisations divided by c£2.9 billion of liabilities. The key creditor groups confirmed in the recent distribution process were:

- Unsubordinated intercompany creditors: £2,674 million; and
- Swap creditors: £252 million.

For **LIHL**, our revised indicative estimate is that unsecured creditors may ultimately receive a return of up to **15.1p in the £** (previously 5.0p in the £). This is calculated as c£17 million of net realisations divided by c£112 million of liabilities. The key creditor groups can be summarised as:

- Swaps guarantees: £111 million.

The above estimated creditor balances are after the elimination of a group creditor balance of £169 million owed to Transol. Whilst the balance has not yet been formally eliminated we expect it to be agreed by HMRC in due course and consequently have reflected the creditor reduction.

For **Shopping Centres** our revised indicative estimate is that unsecured creditors may ultimately receive a return of up to **100p in the £** (previously 78.0p in the £) with the further prospect of receiving Statutory Interest thereon, in full or in part, based on the proof of debts submitted for the recent dividend. The key creditor groups can be summarised as:

- Intercompany creditors (including Properties): £18 million;
- Known creditors under unsecured commercial guarantees: £13 million; and
- Trade and expense creditors of £1 million.

As noted above, despite the Joint Administrators' repeated attempts to engage, no claim has been received under the unliquidated unsecured commercial guarantee claim previously referred to, such that the previous £60 million provision for this has been released. Any creditor can make a 'catch up' claim at any point, although this cannot disturb completed distributions.

For **Retail Services**, our revised indicative estimate is that preferential creditors will be paid in full and unsecured creditors may ultimately receive a return of **2.0p in the £** (previously 2.0p in the £). This is calculated as c£0.3 million of net realisations divided by c£13 million of liabilities. The key creditor groups can be summarised as:

- Trade and other unsecured creditors: £10 million; and
- Intercompany creditors: £3 million.

For **Intu RS**, our revised indicative estimate is that preferential creditors will be paid in full and unsecured creditors may ultimately receive a return of **0.7p in the £** (previously 1.0p in the £). This is calculated as c£0.1 million of net realisations divided by c£6.0 million of trade and expense liabilities

For **Management Services**, our revised indicative estimate is that preferential creditors will be paid in full and unsecured creditors may ultimately receive a return of **7.1p in the £** (previously £8.0p in the £). This is calculated as c£0.4 million of net realisations divided by c£6 million of liabilities. The key creditor groups can be summarised as:

- Unsecured employee creditors: £1 million; and
- Trade and other unsecured creditors: £5 million.

For **Intu Energy**, our revised indicative estimate is that unsecured creditors may ultimately receive a return of **6.3p in the £** (previously £4.0p in the £). This is calculated as c£0.3 million of net realisations divided by c£5 million of trade and other unsecured liabilities.

There remain a number of open issues and these estimates of assets and liabilities will continue to be updated as the administrations progress, including in relation to the Group's overseas assets. Creditor claims received as part of the first interim distribution at Properties, LIGT and Shopping Centres have been adjudicated upon. If future claims are received and admitted, a catch up interim distribution will be paid to any such creditors. The ultimate return for each creditor may be materially different as a result of this process.

Assets in Spain

As noted in our previous reports, the Group owns joint venture interests in certain properties in Spain. These include the Group's 50% JV interest in Xanadú, a major shopping centre on the outskirts of Madrid. Most of the detail on the Group's Spanish assets is contained in the creditors' report for Shopping Centres.

The appointment of the Joint Administrators to the TopCos has not disrupted the performance of the centre at Xanadú, local asset management initiatives or the servicing of the JV's secured debt. The continued efforts of those employed by the Company's indirect subsidiary, Intu Management Spain SL, to oversee the asset management of Xanadú (and other matters in Spain) continues to be greatly appreciated by the Joint Administrators.

In April 2022, a refinancing of the senior bank debt secured over Xanadú was successfully completed with its existing syndicate of lenders. This included applying existing cash held by the joint venture company, as well as introducing a new mezzanine debt facility in the 'Intu limb' of the structure. The funding provided under this mezzanine facility is non-recourse to the Administration Companies.

We continue to work together with the directors to assess the optimal route to realise maximum value for the Administration Companies' creditors. Our preferred strategy as Joint Administrators remains to hold the asset within the Group for perhaps a further 18-24 months or beyond whilst the pan-European shopping centre market continues its recovery. Post-pandemic recovery is continuing in Spain, albeit recent higher inflation may impact retail markets across Europe in the short to medium term. Xanadú continues to perform in line with its business plan and the JV continues to build on its track record of stable post-pandemic cashflows and Net Operating Income recovery/growth.

The Administrators have also brokered an agreement with the JV partner of the Costa del Sol development, Eurofund, which facilitates the ability of our local subsidiaries to market this asset as the Administrators see fit once additional planning activities are complete. This agreement involves some element of minority value share on a sliding scale basis depending on the level of net realisations available to the JV from the sale of the asset.

Given the difficulty in estimating realisable values for the Group's Spanish assets, we continue to exclude them from our estimated outcome statements at this time.

Tax

As part of our work to commence interim distributions in key Administration Companies, the Administrators have assessed the quantum and treatment of taxes arising across the Group, including treatment of historic capital transactions, the approach to corporation tax compliance and transfer pricing for the post-appointment periods. During the period, HMRC confirmed its agreement to our proposed approach, including no material claims accruing to the Group, from those transactions.

In respect of the treatment of historic capital transactions, following that agreement our tax team are currently in the process of implementing certain steps as agreed with HMRC, to ensure that the relevant gains can be fully sheltered by losses.

The Administrators continue to resolve tax matters that have arisen during Propco disposal discussions linked to the TSA settlements, and support the winding up and striking off of certain Group subsidiaries.

The post-appointment corporation tax returns for the period ended 31 December 2020 and year ended 31 December 2021 were submitted to HMRC in June 2022 in respect of the Administration Companies. Group relief was applied, resulting in no tax liability being incurred.

Administration costs

In our Proposals, we estimated trading costs of c£100 million, of which c£89 million was estimated to be recharged to PropCos and c£11 million borne by Administration Companies. Our latest estimates indicate that trading costs will equate to c£59 million, of which c£55 million will be recharged to PropCos and c£4 million borne by Administration Companies.

In our progress report to creditors dated 22 July 2021, we estimated aggregate Administrator and KPMG fees across the Administration Companies of c£35 million, of which c£20 million was estimated to be recharged to PropCos and c£15 million to Administration Companies. These revised fee estimates were approved by the creditors as part of the previous decision procedures dated 16 August 2021 (16 November 2021 for Shopping Centres).

In June 2021, we obtained approval of the Court to extend the period of each of the administrations to June 2023. Having now secured the refinancing of the Madrid Xanadú JV, and agreement with the JV partner on the Costa del Sol development site, our revised strategy is to monetise these assets potentially into 2024/2025, as the Spanish shopping centre market improves from the impact of the pandemic. We will likely therefore seek approval from the Court to extend the key administrations into 2026, whilst in the meantime driving value increases at Xanadú and Costa del Sol before bringing them to market.

Having invested time to generate these options to increase value, and in view of the likely three-year extension of the timeline in key administrations, we estimate that our time costs incurred through to 2026 will likely be c£7 million higher than the previous estimates through to 2023. In our discussions with the Informal Creditors' Committee (which has representatives of the major creditors of the Group including the RCF, the Convertible Bondholders and Swap providers) we proposed drawing some of these costs as incurred, and 'rolling' other costs into contingent fees as a percentage of realisations from Xanadú and Costa del Sol.

Following this consultation with the Informal Creditors' Committee, and recognising that administrator fees are a matter for creditors, as the Committee has no formal powers or standing, in Section 4 of this report creditors will find the relevant decision procedure. In summary we are seeking creditor approval for a cumulative further £3.5 million fee to be drawn across the Administration Companies on a time cost basis and additional fees to be calculated on a contingent basis according to a % of gross realisations achieved at Xanadú and at Costa del Sol (Section 5 – Joint Administrators' remuneration and expenses).

Other matters

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

We are not aware of any preferential claims against the Company (Section 3 - Dividend prospects).

There are currently no Creditors' Committees for any of the Administration Companies. When membership of the Company's Creditors' Committee fell below the statutory minimum of three, we invited the Company's creditors to come forward such that the Company's Creditors' Committee could be reconstituted. No formal nominations for membership were received. As per our previous report, due to the complexities of these administrations, it is the Administrators' preference to have a committee of some kind. Accordingly, and as referred to above, an Informal Creditors' Committee comprising significant creditor representatives has been established to support this process. This Informal Creditors' Committee has no formal powers; decisions that would otherwise be for a Creditors' Committee to determine remain with the creditors as a whole for each respective Administration Company.

We are seeking a number of decisions from the unsecured creditors, with a copy of the notice of decision procedure, together with a proof of debt form circulated by post to the unsecured creditors, and a copy available to download and print from our insolvency portal at <http://intuproperties.ia-insolv.com>. A summary of the requested decisions, which include approval of a revised fee estimate for our remuneration since 16 August 2021, as well as an additional fee basis linked to a % of gross realisations of certain assets, along with again inviting nominations from creditors for membership of a Creditors' Committee, is set out in Section 4. Please note that a person is entitled to vote only if they have given to the Joint Administrators, before 23.59 on the decision date, Tuesday 16 August 2022, details in writing of the debt which they claim to be due from the Company and the claim has been duly admitted by the Joint Administrators (Section 4.2 – Decision procedure).

Please note: you should read this progress report in conjunction with our Proposals and our previous progress reports which were issued to the Company's creditors and can be found at <http://intuproperties.ia-insolv.com>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.

We are happy to hold a call for creditors to run through the contents of this report and answer any questions on **Thursday 4th August 2022 at 3pm London time**. Dial in details will be published in the preceding days on our website at <http://intuproperties.ia-insolv.com>. Creditors will hopefully appreciate that certain information recently requested of us to refer to in this report, and which may be further requested in questions during that call, will need to remain commercially confidential.

A handwritten signature in black ink, appearing to read 'J. Tucker', with a stylized flourish at the end.

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 previous progress reports.

2.1 Strategy and progress to date

Overview

During the past six months of the administration our focus has been on the following workstreams:

- 1) Completing interim distributions totalling £48.8 million for Properties, including extensive claims adjudication processes, finalising the Entity Priority Model for the purposes of dividend calculations, and concluding tax clearances with HMRC;
- 2) Successfully refinancing the secured bank debt in relation to the Xanadú asset in Spain, including obtaining a mezzanine facility that is non-recourse to the Administration Companies;
- 3) Working with the directors of the Company's subsidiaries to develop options for maximising realisable value for the Group's other assets, including UK shopping centres, unencumbered real estate interests and real estate assets in Spain;
- 4) Liaising with the stakeholders of the various PropCos to reach settlements of the TSA arrangements, including any intercompany liabilities, many of which are interdependent on realisation of the real estate assets.

Distributions to creditors

Having previously obtained an order from the Court permitting the Joint Administrators to make distributions to the unsecured, non-preferential creditors of the Administration Companies, in early 2022 HMRC granted our requested clearances that permitted us to issue interim distributions without the need to hold a provision aside for potential tax liabilities.

Consequently, in May 2022, the Joint Administrators declared interim distributions to the creditors of Properties of **3.27p in the £**, a total of £48.8 million being distributed to those creditors.

Our indicative high level preliminary estimate remains that unsecured creditors of Properties will ultimately receive a return of up to 9.1p in the £, which has increased from our previous estimate of 7.2p in the £ due to the release of a provisional claim in Shopping Centres, resulting in an increased realisation from this intercompany claim.

It should be noted that this estimate is derived from an Entity Priority Model that contains a number of material assumptions; for example, there remain a number of open issues that we are working hard to resolve so these estimates are provided for guidance and should not be relied upon, and we will revise these estimates as further material information is uncovered.

As noted from our previous report, conclusions have been reached in relation to certain significant creditor positions. Unless stated below, these positions remain unchanged as at the date of this report.

£1,494 million of creditor claims were admitted for the purpose of the May 2022 interim distribution.

Review of Intercompany receivables and liabilities

We have completed our review of intercompany balances and have kept the relevant intercompany ledgers up to date with any adjustments identified as a result of corrections or other workstreams. Further detail is shown in Appendix 7 and the only notable movement is a £2 million realisation from Intu Investments Ltd which was settled by its liquidator.

As previously reported, we continue to work towards clean break settlements between the PropCos and the Administration Companies, which centre around recovery of any remaining collectible intercompany balances and closing out the relevant TSAs. More detail is provided in the Retail Services report.

Realisation of intercompany receivables remain largely dependent upon a dividend from LIGT (creditor claim value of £727 million), the success of the Spanish realisations as discussed in the Shopping Centres' progress report, and from realisation of the Indian investments as set out below. Further detail on the intercompany receivables is provided in Appendix 7.

India

As previously reported, there are a number of Indian retail and property assets held by indirect subsidiaries of the Company. These include minority stakes in publicly listed Prozone Intu Properties Limited ("PIPL"), held via Nailsfield, a Mauritian registered entity, and Intu India (Portfolio) Limited ("IIPL"), an English registered entity.

In accordance with wider market movements in recent months, the share price of PIPL has declined somewhat since our last report. Although a very limited number of PIPL shares were sold by IIPL, the limited liquidity in these shares relative to the size of Nailsfield and IIPL's shareholdings means that it remains our opinion that Properties is unlikely to realise its stake at the current implied market price.

High-level discussions also continue with potential interested parties for the Company's privately held Indian assets. Certain of these assets may require some limited funding before they are marketable, albeit no such funding requests have been submitted to the Company's subsidiaries to date.

For reasons of commercial sensitivity, the Joint Administrators will not be commenting on any sale negotiations until they are completed.

UK shopping centre interests

The Company owns a 60% beneficial interest in Metrocentre, Gateshead through its subsidiaries.

Latest external valuations suggests that the value of the Company's shares in this centre continues to fall below the level of the bank debt secured on its shares. Heads of terms have been agreed regarding a consensual sale of shares for a nominal sum in the near term. This would allow the existing corporate structures and their associated tax attributes to be preserved, which may have value for a purchaser. The agreed terms include a contingent right to deferred consideration for LIGT in the event of a future share sale to a third party purchaser. Properties shall have the right to regular updates on the status of any subsequent sale being pursued and such valuation information relating to the Property. Further details on this contingent right to deferred consideration will be provided in subsequent LIGT progress reports once this deal is completed.

We are simultaneously exploring final settlement of the TSA and settlement of remaining unsubordinated intercompany debtors owing to Topco estates (£0.1 million in total).

Transitional Service Agreements ("TSAs"), migration and paid-for support provided to PropCos

As noted in our previous report, we have made a proposal to the PropCos to conclude each TSA with a full and final settlement. Initial verbal feedback from the PropCos suggested this would be acceptable and, in this period, we have focused on formalising these settlements with the Propcos.

Progress in finalising these settlements has been slower than hoped as the PropCos focus their attention on other elements of their own restructurings. However, to date, we have completed TSA settlements with seven of the PropCos, which has resulted in Retail Services returning pre-funded balances to these Propcos totalling £7 million.

Of the remaining nine PropCo settlements, significant progress has been made towards concluding settlements and we anticipate these to be concluded in the next three months. In many cases, there are additional complexities (such as capturing intercompany settlements or equity disposals) that have required additional efforts to resolve and, consequently, has taken longer than previously anticipated to conclude.

Further details of the TSAs, migration and true-up processes are included in the Administrators' Proposals and progress reports for Retail Services.

Corporate simplification exercise

The Intu group consisted of 258 entities within a complex group structure and an initial analysis to determine the appropriate strategy to efficiently wind down the Group was carried out following our appointment, ensuring where possible that maximum value to the Administration Companies was realised.

As previously reported, we have engaged a third-party Corporate Services Provider (“CSP”) to hold directorships of 31 Group companies. The CSP maintains the companies’ books and records in a cost-effective manner whilst their assets are being realised and remaining issues are resolved. The CSP will place the companies into a relevant process to wind-up the companies and make distributions to creditors and the parent companies in due course. During the period we have worked with the CSP to provide assistance to help progress the companies towards resolution. A number of the entities have complex historical tax issues and we have worked with the CSP and HMRC to find resolutions which will minimise tax liabilities in the Administration Companies.

Of the 258 companies: 171 have been migrated to Propco structures; 45 companies have been placed into either solvent or insolvent liquidation by their directors to wind-up their affairs, or have been, or are being struck-off depending on their circumstances; 31 are with the CSP; and the balance are overseas companies linked to the Spanish and Indian investments. Asset realisation strategies have been determined for the companies with the CSP and it is expected that these strategies will be executed over the next 6 to 12 months. The overseas companies are being retained to support the respective asset realisation strategies as discussed below and in the Shopping Centres report.

VAT

Following our appointment, we applied to HMRC for a new VAT group comprising the Administration Companies, including the Company, and six other TopCo companies where the Joint Administrators expected to raise sales invoices or incur expenditure for the purpose of the Administrations.

Further to HMRC’s retrospective approval for this VAT group, we have to date submitted four VAT returns for the quarters through to 31 March 2022. Other than a small amount of VAT of £13,000 due to HMRC, all payments due to / from HMRC have been paid / received.

A return for the quarter ended 30 June 2022 will be submitted to HMRC shortly.

2.2 Asset realisations

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

Summaries of the most significant realisations during the period are provided below.

Intercompany realisations

The receipt of £11.7 million in the period relates to dividends from Intu Investments Limited of £2.3 million and £9.4 million from LIGT, representing dividends from them of 100p in the £ and 1.3p in the £ respectively.

Other related party charges

This related to the recharge of legal costs paid by Properties in relation to the management of two shopping centres that were not covered by the TSA (Cribbs and Arndale) as the Administration Companies did not fully manage these centres. In total the Administration Companies have recovered £2.0 million of costs incurred in relation to these two shopping Centres, £0.5 relating to Properties with the remaining £1.5 million reimbursing costs incurred by Shopping Centres and Retail Services. Any further costs incurred will also be recoverable.

Book debts

The £0.3 million receipt relates to refunds on various insurance policies and outstanding insurance claims. No further amounts are expected to be received.

Receipts under Intu Jersey (2) Limited loan agreement

The receipt of £0.2 million represents recovery of amounts advanced by the Administration Companies to meet the liquidation costs of Intu Jersey (2) Limited, a major creditor of Properties, as the liquidators of that company did not initially have access to other sources of funds. In line with an agreement entered into with Intu Jersey (2) Limited, the payments made on their behalf were recoverable from the recent dividend paid to Intu Jersey (2) Limited by Properties.

Third party contributions to insurance costs

Properties has been responsible for meeting payments under the Group insurance policy which was in the name of Properties. Of the payments made in the period of £0.3 million, £0.2 million has been recovered from Group companies other than the Administration Companies as insurance had to be maintained for these other entities.

Goodwill / IP rights

A net amount of £0.1 million has been received from Retail Services in respect of the sale of Properties' Intellectual Assets. This relates to sales less legal costs also settled by Retail Services.

2.3 Costs

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

The majority of payments on behalf of the Administration Companies were previously made by Retail Services utilising the Group's existing BACS facility which has subsequently been wound down. A transfer to the relevant companies will be affected in due course under the Intra-Group Agreement.

Summaries of the most significant payments made during the period are provided below.

Payments on behalf of Intu Jersey (2) Limited

As noted above, this relates to payments made on behalf of the liquidators of Intu Jersey (2) Limited and has been recovered by deduction from the dividend payable to Intu Jersey (2) limited.

Legal costs

Of the total legal cost expenditure in the period of £1.8 million, legal costs of £1.5 million had previously been paid by Retail Services and this amount was reimbursed to Retail Services in the period, in accordance with the Intra-Group Agreement.

Payments made on behalf of third parties

The Administrators have engaged Crestbridge UK Limited to manage the accounting and tax affairs of a number of TopCos that will eventually be wound down once the remaining assets therein are realised. To date an amount of £81,000 has been paid to Crestbridge UK Limited on behalf of companies that have no funds. It is anticipated that these costs will be reimbursed to Properties when these Companies are liquidated following realisation of their assets (where applicable).

Insurance

Payments of £0.3 million have been made to maintain various insurance cover for both the Administration Companies and other entities in the Group. As noted above, £0.2 million of this has been received by Properties in the period.

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).

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

Administrators' fees

The £0.8 million incurred in the period but not yet paid relates to Administrators' time costs incurred for the period as set out at Appendix 6.

KPMG fees

The £47,000 incurred in the period but not yet paid relates to time costs incurred by KPMG in assisting the Administrators. Further explanation of the relationship between KPMG and the Administrators is outlined at section 5.3 below.

Legal fees

During the period legal fees totalling £70,000 have been incurred but not yet paid.

Payments on behalf of third parties

During the period costs totalling £66,000 have been incurred by TopCos, that do not hold their own bank accounts, with the CSP, Crestbridge UK Limited.

3 Dividend prospects

3.1 Secured creditors

As previously reported, 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 Limited. 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

We are not aware of any preferential claims against the Company.

3.3 Unsecured creditors

As per our previous progress report, we obtained approval from the Court to make a distribution to unsecured creditors.

The Joint Administrators declared an interim distribution to the creditors of Properties in May 2022 of **3.27p in the £**, with a total of £48.8 million distributed to creditors.

Based on current estimates, we anticipate that unsecured creditors should receive a total dividend of **9.1p in the £**. This is calculated as £136 million of net realisations divided by c£1.5 billion of liabilities.

This is an increase of **2.1p in the £** compared to our previous report and arises due to an anticipated equity dividend receipt of £24.7 million from Shopping Centres in respect of Properties' 82.5% shareholding in Shopping Centres. This is due to the level of unsecured creditors in Shopping Centres' estimated outcome statement being reduced to the level of claims that were made at the time of Shopping Centres' interim dividend. This resulted in a provision for an unliquidated damages claim of £60 million being released. It should be noted that if a future claim is received by the administrators of Shopping Centres for this damages claim then the equity receipt of £24.7 million could be significantly reduced or eliminated.

It should be noted that this high-level preliminary estimate is derived from an Entity Priority Model that contains a number of material assumptions; for example, there are still a number of open issues that we are working hard to resolve so these estimates are provided for guidance and should not be relied upon, and we will revise these estimates if further material information is uncovered that we are not yet aware of.

Attached as Appendix 8 is a summary estimated outcome statement which details the realisable assets and liabilities of Properties and shows the calculation of the dividend. In line with our previous reports, it still remains difficult to estimate realisable values for the Group's non-UK assets, at this time. Consequently, we have not included them in our estimated outcome statements.

4 Other matters

4.1 Creditors' Committee

The Creditors' Committee was disbanded in August 2021 as a result of membership of the committee falling below the statutory minimum number of three members, with no further nominations received from creditors at the time of our last decision procedure.

Accordingly, all decisions revert to the creditors as a whole.

In view of the complex nature of the administration of the Administration Companies, the Administrators were keen to have a committee of some kind to allow key decisions to be considered amongst stakeholders representing major creditors. Whilst it has no formal powers on decisions affecting the administrations, an Informal Creditors' Committee has been established, comprising representatives of the major creditors of the Group (including the RCF, the Convertible Bondholders and Swap providers) with whom the Administrators may consult at their discretion.

4.2 Decision procedure

Notice of seeking a decision by correspondence is being sent to unsecured creditors. A further copy is available to download and print via the link <http://intuproperties.ia-insolv.com> for the Company. The decision by correspondence procedure is being used to seek approval for:

- a revision to the basis of an element of our fees;
- a revision of our fees estimate; and
- any nominations from creditors for members of a new Creditors' Committee.

Please note that if a new Creditors' Committee is validly constituted, the votes cast by creditors in relation to the proposed decisions above (aside from nomination for membership of the Committee) will be disregarded.

Physical meeting to be called where sufficient creditors request

We will summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company, or (b) 10% in number of creditors or (c) 10 creditors. Requests for a physical meeting must be made within five business days of the date on which notice of the decision procedure was delivered.

If you wish to request a physical meeting, please complete and return the physical meeting requisition form available on our Portal at <http://intuproperties.ia-insolv.com>.

A creditor's general right to request a requisitioned decision

A creditor has a general right to request for a requisitioned decision. The request must include:

- a statement of the purpose of the proposed decision; and

- either a statement of the requesting creditors' claim, with (i) a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration and (ii) written confirmation of their concurrence from each concurring creditor; or

- a statement of the requesting creditors' debt and that alone is sufficient without the concurrence of other creditors.

The expenses of a requisitioned decision must (subject to limited exceptions) be paid by the requesting creditor. The requesting creditor is required to deposit security for such expenses with us.

4.3 Shared costs of the Administration Companies

The majority of payments on behalf of the Administration Companies were previously made by Retail Services utilising the Group's existing BACS facility which has subsequently been wound down. This allowed the payments to be made in a more cost-efficient manner than if individual payments had to be raised in each Administration Company.

As previously reported, a significant amount of these costs have been recharged to the PropCos under the TSA and are then recoverable by the relevant Administration Companies via the Intra-Group Agreement. The balance of these costs will be borne by each of the Administration Companies in accordance with the shared costs allocation described in our previous reports, which is based on the % of PropCo realisations that each Administration Company will receive.

As noted in our previous report, costs treated as Category 2 expenses (from appointment and for the duration of the administrations) are estimated at £45 million (excluding direct PropCo recharges of invoices paid on their behalf). These amounts have been paid by Retail Services or on its behalf in connection with the provision of services and benefits under the TSA. Accordingly, the significant majority of these amounts have been recharged to the PropCos under the TSAs, rather than reallocated to other Administration Companies.

Whilst final TSA settlement discussions with some of the PropCos as to the level of the costs that will be recovered under the TSAs are still ongoing, it is currently estimated that at least £40 million of potential shared costs will be recoverable from the PropCos under the TSAs. The estimated balance of £4 million will be apportioned between Retail Services and the other Administration Companies as the provision of the TSA services ultimately improves the recoveries of each of the Administration Companies.

In our previous report we indicated that we had intended to have the full apportionment of these shared costs by the time of this report. Unfortunately, as a number of the PropCo TSA settlements remain outstanding this has proved impossible. However, given the current status of our discussions with PropCos, we now have a more settled view on the

level off the shared costs, we have shown the level of the estimated Intra-Group Agreement recharge in the estimated expenses estimate included at Appendix 5.

5 Joint Administrators' remuneration and expenses

5.1 Joint Administrators' remuneration and expenses

As noted in the Executive Summary to this report:

In June 2021, we had obtained approval of the Court to extend the period of each of the administrations to June 2023.

In our progress report to creditors shortly afterwards, dated 22 July 2021, we estimated aggregate Administrator and KPMG fees across the Administration Companies of c£35 million, of which c£20 million was estimated to be recharged to PropCos and c£15 million to Administration Companies. These fee estimates were approved by the creditors as part of decision procedures dated 16 August 2021 (16 November 2021 for Shopping Centres).

Having now secured the comprehensive refinancing of the Madrid Xanadú JV, and agreement with the JV partner on the Costa del Sol development site, our strategy is now to monetise these assets potentially into 2024/2025, as the Spanish shopping centre market improves from the impact of the pandemic. We will likely therefore seek approval from the Court to further extend the key administrations by three years into 2026, whilst in the meantime driving value increases at Xanadú and Costa del Sol before bringing them to market.

Having invested time to generate these options to increase value, and in view of the potential three-year extension of the timeline in key administrations, we estimate that our time costs until 2026 will likely be c£7 million higher across the administrations than our previous estimates to 2023.

In our discussions with the Informal Creditors' Committee (which has representatives of the major creditors of the Group including the RCF, the Convertible Bondholders and Swap providers) we proposed drawing some of these costs as incurred, and 'rolling' other costs into contingent fees as a percentage of realisations from Xanadú and Costa del Sol.

In summary, alongside this report we are seeking creditor approval for an aggregate further £3.5 million fee to be drawn pro rata across the Administration Companies on a time cost basis and with any additional fees to be paid on a contingent basis calculated as a % of gross realisations achieved at Xanadú and at Costa del Sol.

5.2 Fees approval across the Group

Following the above consultation with the Informal Creditors' Committee, and recognising that administrator fees are a matter for creditors given that the Informal Creditors' Committee has no formal powers or standing, in this section creditors will find the relevant decision procedure.

In accordance with Rule 18.29 of the Insolvency Rules 2016, Joint Administrators have the capacity to vary the basis of how their fees are drawn if there has been a material and substantial change in circumstances. Creditors can approve the amendment to the fee basis under this Rule.

As creditors will recall, our appointment occurred in June 2020, at the height of the global Covid-19 pandemic where the strategy to realise the Group's assets was in doubt due to the effects of the pandemic on the retail property sector and the financial markets.

Following the gradual easing of the worst effects of the pandemic from late 2021 onwards, a clearer disposal strategy could be formulated and, consequently, the Administrators discussed with the Informal Creditors' Committee placing an element of their future fees 'at risk' by basing their future fee on a % of gross sale proceeds achieved from the sale of the Group's stakes in Xanadú and Costa del Sol. This arrangement directly links the Administrators' remuneration to creditor returns.

Xanadú contingent fee

In addition to time costs, the relevant fee arrangement in relation to the gross sale proceeds for the sale of Intu's 50% stake in the Xanadú asset is as follows:

1. 7% of gross sale proceeds **between** €400 million and €450 million (for 100% of Xanadú before any deductions); plus
2. 12% of gross sale proceeds **above** €450 million (for 100% of Xanadú before any deductions);
3. (ie at a hypothetical €410 million, the transaction fee would be €0.7 million (approximately £0.6 million at an illustrative €/£ FX rate of 1.2) and at a hypothetical €460 million it would be €4.7 million / £3.9 million).
4. Any fee due from the contingent Xanadú transaction fee mechanism will be borne by Properties and LIGT as the immediate Administration Company beneficiaries of Xanadú in proportion to their intercompany receivables from Intu Holdings S.a.r.l., currently expected to be in the ratio of c46% Properties, c54% LIGT.

5. The transaction fee calculation is based on the assumption that gross sale proceeds are calculated by a purchaser with reference to market standard deductions, namely (i) a deferred Tax Liability (DTL) adjustment of 50%; and (ii) an adjustment for committed capex. The total DTL reflects the future tax obligation in the event of a future asset sale to pay previously deferred TIVUL (a municipal tax that is levied on the increase in the value of urban land) as well as latent capital gains tax (is gross sales price less tax asset value). Local market convention in Spain is for a purchaser to deduct 50% of DTL from gross sales proceeds although this would be negotiated by the Administrators where possible.

Costa del Sol contingent fee

In addition to time costs, the relevant fee arrangement in relation to the gross sale proceeds for the sale of Intu's stake in the Costa del Sol asset is as follows:

6. 12% of gross sale proceeds (for 100% of Costa del Sol);
7. Any fee due from the contingent Costa del Sol transaction fee mechanism will be borne solely by LIGT as the immediate Administration Company beneficiary of Costa de Sol via intercompany recoveries from Intu Spain Limited.

Other non-contingent fees (at nil net cost to the estate)

In addition, certain fees require approval by creditors even where the associated time costs are fully reimbursed to the Administration Companies under specific dedicated arrangements (eg costs reimbursed to Shopping Centres by the RCF lenders in relation to their secured interest in Manchester Arndale and Cribbs Causeway (Bristol) shopping centres). As these costs will have no impact on creditor outcomes (as they are fully reimbursed to the estate by external stakeholders), these fees will be in addition to the cumulative £3.5 million fee to be drawn pro rata across the Administration Companies on a time cost basis.

5.3 Fee approvals for Properties

Subject to the outcome of our request for nominations for membership of the Creditors' Committee, in which instance we will seek to obtain approval from that Committee, we are seeking approval from unsecured creditors of Properties that:

- our remuneration will be drawn via the following bases:
 - on the basis of time properly given by us and the various grades of our staff in accordance with the revised fees estimates provided in Appendix 4 and charge-out rates as set out in Appendix 6, to a cap which has risen from the previously approved level of £6,558,236 to £8,033,447 (an increase of £1,475,211, being Properties' share of the £3.5 million referred to at 5.1. above); plus
 - on the basis of a % of gross sale proceeds for the sale of Intu's 50% stake in the Xanadú asset as set out at Section 5.2, points 1 to 5 above.

See Section 4.2 for details regarding the decision procedure.

Time costs

From 26 December 2021 to 25 June 2022, we have incurred time costs of £1,380,836. These represent 1,951 hours at an average rate of £708 per hour.

We have attached (Appendix 6) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses for the period from 26 December 2021 to 25 June 2022. We have also attached our charging and expenses policy.

Remuneration

During the period, we have drawn remuneration totalling £1,818,667.

Administrators' Expenses

During the period, we have incurred expenses of £47,737.52. This includes Category 2 expenses of £47,319.13, representing time costs incurred by KPMG Specialists. Further details of the costs expected to be incurred by KPMG Specialists are detailed in section 5.5.

Additionally, we have attached a revised expenses estimate at Appendix 5.

5.4 Pre-administration costs

We have paid pre-administration legal fees of £14,634 which were previously disclosed in our Proposals and approved in December 2020 by the Creditors' Committee.

5.5 Payment to KPMG

The Joint Administrators have engaged tax, forensic, IT, Property and F-Tech specialists from KPMG ('KPMG Specialists') to continue to progress the administration. The decision to appoint specialists from KPMG has been based on their extensive knowledge of the Group and the administration to date.

Up until 4 May 2021, the Joint Administrators and their staff were also partners and employees of KPMG. Therefore, up to 4 May 2021 the time incurred by KPMG Specialists forms part of the Joint Administrators' fees.

Time incurred by KPMG Specialists from 4 May 2021 has been based on a formal agreement between KPMG and Interpath and will be paid and disclosed separately, as set out in this report. The agreement is based on hourly rates in line with those charged by the Administrators.

Whilst KPMG Specialists' teams are no longer part of the same organisation as the officeholders, and not considered to be an associate for the purposes of SIP 9, for transparency payments will be subject to the same disclosure and approval as the Joint Administrators' Category 2 expenses, where they have not already been approved as part of the Joint Administrators' remuneration.

On 16 August 2021, the unsecured creditors approved a resolution permitting settlement of KPMG's fees as a Category 2 expense and in accordance with their fee estimate, which equated to £398,440, as set out in our previous report dated 22 July 2021. To date, fees of £227,677 have been paid and it is estimated their fees will only equate to £302,457, a reduction to their previous estimate by £95,983.

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:

Working with the directors of subsidiaries, and where necessary local advisors, to maximise realisable value for overseas assets, in particular in relation to Xanadú, Costa del Sol and India;

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 receivables collected via intercompany settlements with PropCos or 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 and tax losses to reduce the Company and the wider Group's tax liability;

Payment of administration expenses, including our remuneration as approved initially by the Creditors' Committee and in line with subsequent approval obtained from the unsecured creditors; and

Complying with statutory and compliance obligations, including making an application to Court at the relevant time to seek a further extension to the period of the administration through to 2026.

6.2 Future reporting

We will provide a further progress report within one month of 25 December 2022.

Appendix 1 Statutory information

Company information	
Company name	intu properties plc
Date of incorporation	14 December 1998
Company registration number	03685527
Present registered office	10 Fleet Place, London, EC4M 7RB
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), 002884 of 2020
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	26 June 2023

Appendix 2 Joint Administrators' receipts and payments account

Receipts and payments

intu properties plc - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 26/12/2021 To 25/06/2022 (£)	From 26/06/2020 To 25/06/2022 (£)
	ASSET REALISATIONS		
	TSA funding - pre-admin recharges	NIL	NIL
	Funds received on behalf of 3rd parties	NIL	230,816.52
7,882,579.00	Plant & equipment	NIL	NIL
	Furniture & equipment	20,965.00	126,092.83
	Tax refunds (pre-appointment)	NIL	2,337.19
6,017,176.00	VAT refunds (pre-appointment)	NIL	NIL
	Goodwill / IP rights	76,567.20	76,567.20
	Book debts	332,010.68	332,010.68
	Intercompany realisations	11,768,981.36	12,177,183.26
	Receipts under Intu (Jersey) 2 Ltd loan agreement	189,404.33	189,404.33
	Business rates refund	NIL	1,201,262.51
89,611,427.00	Cash at bank	31.84	87,097,597.96
		12,387,960.41	101,433,272.48
	OTHER REALISATIONS		
	Bank interest, gross	76,743.64	156,079.32
	Statutory interest on dividend income	115,327.08	115,327.08
	Interest on VAT returns	23,751.45	23,751.45
196,030,700.00	Investment in subsidiaries	NIL	NIL
	Sundry refunds	NIL	95,065.82
	Trading surplus/(deficit)	358,753.94	(189,650.87)
58,589,376.00	Funds from Members of Intu Properties	NIL	NIL
935,381.00	Trade receivables	NIL	NIL
4,055,823.00	Prepayments - deposits	NIL	NIL
933,925.00	Receipts under Intu (Jersey) 2 Ltd loan agreement	NIL	NIL
		574,576.11	200,572.80
	COST OF REALISATIONS		
	Payments under Intu (Jersey) 2 Ltd loan agreement	(2,379.86)	(143,404.14)
	KPMG's pre-administration fees	NIL	(107,720.00)
	KPMG's post appointment fees	NIL	(227,677.27)
	Pre-administration legal fees	(14,633.70)	(14,633.70)

	Legal costs	(1,783,387.09)	(1,783,387.09)
	IT costs	NIL	(110,000.00)
	Administrators' fees	(1,818,666.80)	(6,558,236.00)
	Administrators' expenses cat 1	(2,665.37)	(8,231.35)
	Agents'/Valuers' fees	(5,930.55)	(128,144.14)
	Statutory advertising	(86.00)	(569.63)
	Other property expenses	NIL	(6,346.00)
	Insurance	NIL	NIL
	Payment of funds held for third parties	(13,180.27)	(13,180.27)
	Payments on behalf of third parties	(86,245.06)	(86,245.06)
	Re-direction of mail	NIL	(321.00)
	Bank charges	(210.00)	(807.10)
		(3,727,384.70)	(9,188,902.75)
	PREFERENTIAL CREDITORS		
(44,587.00)	Employees	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(229,657.00)	Trade & expense	(8,098.71)	(8,098.71)
(470,529.00)	Employees	(8,174.89)	(8,174.89)
	EP(C)A bal. & redundancy	(435.83)	(435.83)
(724,259,659.00)	Unsecured swap guarantees & RCF	(23,696,563.15)	(23,696,563.15)
(44,851.00)	Unclaimed dividends	NIL	NIL
	Convertible bonds	(12,316,148.44)	(12,316,148.44)
(391,103,459.00)	Intercompany	(12,801,427.57)	(12,801,427.57)
(6,022,396.00)	Other creditors	NIL	NIL
		(48,830,848.59)	(48,830,848.59)
	DISTRIBUTIONS		
(677,520,127.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(1,435,638,878.00)		(39,595,696.77)	43,614,093.94
	REPRESENTED BY		
	Cash at bank		43,503,100.45
	VAT		110,993.49
			43,614,093.94

intu properties plc - in Administration

Trading accounts

Statement of Affairs (£)	From 26/12/2021 To 25/06/2022 (£)	From 26/06/2020 To 25/06/2022 (£)
-----------------------------	--	--

POST-APPOINTMENT SALES

Other income	NIL	4,413.25
Other related party recharges	476,318.94	476,318.94
Third party contribution to insurance cost	241,200.00	241,200.00
	717,518.94	721,932.19
OTHER DIRECT COSTS		
Direct labour	NIL	578,069.90
	NIL	578,069.90
TRADING EXPENSES		
Rent	NIL	(130,364.00)
IT costs	NIL	(52,366.99)
Telephone/Telex/Fax	NIL	(840.00)
Insurance	(310,740.00)	(677,200.00)
Professional fees	NIL	(495,203.44)
Sundry expenses	(3,025.00)	(46,347.99)
Work capital fund for overseas subsidiaries	(45,000.00)	(85,000.00)
Stationery & postage	NIL	(2,330.54)
	(358,765.00)	(1,489,652.96)
Trading surplus/(deficit)	358,753.94	(189,650.87)

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

TRADING EXPENSES			
Insurance	310,740.00	NIL	310,740.00
Sundry expenses	3,025.00	NIL	3,025.00
Work capital fund/overseas subsidiaries	45,000.00	NIL	45,000.00
COST OF REALISATIONS			
Payments under Intu (Jersey) 2 Ltd loan agreement	2,379.86	NIL	2,379.86
Administrators' fees	596,894.00	783,942.00	1,380,836.00
Administrators' expenses cat 1	418.39	NIL	418.39
KPMG fees	NIL	47,319.13	47,319.13
Agents'/Valuers' fees	5,930.55	10,408.23	16,338.78
Legal fees	14,152.50	£69,650.00	83,802.50
Statutory advertising	86.00	NIL	86.00
Payments on behalf of third parties	86,245.06	65,859.69	152,104.75
Re-direction of mail	321.00	NIL	321.00
Bank charges	530.47	NIL	530.47
TOTAL	1,065,722.83	977,179.05	2,042,901.88

The above schedule of expenses for the period to 25 June 2022 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.

Certain costs paid by Retail Services may be reallocated to the appropriate Administration Companies under the Intra-Group Agreement. The reallocation between the Administration Companies will not be undertaken until the majority of costs have been incurred and finalised and therefore is not reflected in the table above.

Please note that there is a difference between the payments made during the period of £4.1 million (per the receipts and payments account) and the expenses incurred and paid in the period of £1.1 million (per the schedule of expenses). This is due to the fact that some of the payments made in the period relate to expenses incurred in a prior period.

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 intu@interpathadvisory.com or by writing to the Joint Administrators of Intu Properties Plc, c/o Interpath Advisory, 319 St Vincent Street, Glasgow, G2 5AS.

Appendix 4

Joint Administrators' revised fees estimate

	Narrative	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)	Additional estimated total hours	Additional estimated time cost (£)	Estimated average hourly rate (£)	(£)
	Cashiering - processing receipts, payments and bank reconciliations	141	56,924	403	72	39,505	545	96,429
	General - books & records, fees & work in progress	507	235,543	465	96	55,436	578	290,979
	Strategy, statutory and compliance – strategic planning and execution, appointment & related formalities, bonding, checklist & reviews, advertising	1	2,739	1,775,361	850	706,686	832	2,482,047
	Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax	466	315,226	676	403	327,112	812	642,337
	Employees	3	1,654		-	-	-	1,654
	Committee - formation and reports, meetings	2	846	491,053	78	64,983	835	556,036
	Creditors and claims - general correspondence, notification of appointment, statutory reports	3	2,984	1,670,250	1,254	852,315	680	2,522,565
	Investigations - director conduct and affairs of the Company	35	19,646	562	-	-	-	19,646
	Directors - correspondence, directors' questionnaire / checklist, statement of affairs	67	30,983	459	-	-	-	30,983
	Asset Realisation - including insurance of assets	4	1,824	1,233,832	930	669,459	720	1,903,291
	Trading - purchases, sales, cash projections	1,140	727,765	639	352	234,925	667	962,691
	Total	10,752	6,558,236	610	4,034	2,950,421	731	9,508,657

In our second progress report to creditors dated 22 July 2021, we provided a substantial update on administration costs across the Administration Companies. At that time, we estimated Administrator fees across the Administration Companies of c£35 million, of which c£20 million was estimated to be recharged to PropCos.

Given the additional work carried out since July 2021, particularly in relation to the Spanish assets during a period in which the effects of the global pandemic appear to be subsiding, which could be key to increased realisations for creditors, as well as the settlement of the TSA arrangements with Propcos, our latest estimated aggregate Administrator time costs across the Administration Companies is c£42 million, of which c£21 million is estimated to be recharged to PropCos.

Our latest fee estimate for the Company has increased by £2.95 million to £9.5 million to reflect additional work / time required to conclude the administration through to 2026 and below we comment on the material increases to our forecast time cost estimates. As noted above, we propose to cap the drawing of our fee increase on a time cost basis by 50% (i.e. to £8.03 million), with the remaining recovery in our fees deriving from the % of gross realisations mechanism, as set out in Section 5.1 above.

As part of our latest forecasting exercise, we have considered key factors that have materially affected the previous forecast estimate to aide in explaining the material increases to our forecast in this report. These factors include a greater understanding of the complexities within certain workstreams, such as international asset realisations and intercompany balances.

Additionally, our latest revised budget recognises that the Company's administration will require extending beyond the current period ending 25 June 2023 and the budget estimates time up to June 2026.

Note 1 – Strategy, statutory and compliance

We have increased our fee estimate in this workstream by £0.7 million (representing c.850 hours) to £2.48 million (previously £1.78 million) to reflect significant amounts of senior time continuing to be required to oversee the engagement and ensure the strategy is appropriate and well executed.

We continue to engage in seven different workstreams (including tax, intercompany claims agreement, creditor claims agreement, entity priority modelling, asset realisations, etc.) with 38 team members involved. A significant amount of strategic oversight and project management is required to ensure effective delivery of the objectives of the administration for the period up to June 2026.

Note 2 and 3 – Committee, Creditors and claims

We estimate incurring additional time costs of £0.92 million (representing c.1,332 hours) revising our total time cost estimate to £3.08 million (previously £2.16 million) in dealing with creditor engagement related matters, including the establishment and liaising with an Informal Creditors' Committee, an Entity Priority Model to enable a distribution to creditors and the ongoing detailed analysis of the complex intercompany position, as well as a detailed claims adjudication process.

In particular, our budget estimates an extended commitment to corresponding regularly with creditors (including the Informal Creditors' Committee) via ongoing reporting beyond 25 June 2023, recognising the additional time that will be required to realise international assets.

Note 4 – Asset realisation

We have increased our fee estimate in this workstream by £0.67 million (representing c.930 hours) to £1.9 million (previously £1.23 million). The Company assets comprise largely of investments in subsidiaries as well as plant & equipment, cash, intercompany receivables and trade receivables. Our work includes pursuing the realisation of these assets, with particular focus on the overseas assets, intercompany receivables, equity disposals and consequential separation matters where additional complexities have arisen.

Additionally, the Administrators are pursuing potential asset realisations in relation to a number of Indian retail and property assets held in Properties' portfolio, as noted in further detail in our report above.

Appendix 5

Joint Administrators' revised expenses estimate

	Notes	Current estimate for Intu Properties plc - in Administration (£)
KPMG's pre-administration fees		107,720
KPMG fees (post May 2021)		302,457
Pre-appointment legal fees		14,634
Legal fees	1	3,479,573
Management fees	2	264,709
External advisors fees		34,453
Agents / Valuers fees		142,146
Employee costs	3	(578,070)
Property costs including IT and utilities		132,204
Insurance	4	516,460
Other entity direct costs		957
Other costs incurred by the entity		213,811
Total		4,631,055
Less:		
Costs recharged under TSAs and other arrangements		(570,387)
Reallocation of shared costs under the IGA		(412,378)
Net total expenses		3,648,290
Total previously reported expenses (December 2021)		4,059,964

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 cost of realisations figures in the above table reflects the costs that have been paid by or will be incurred by the Company.

Offsetting the costs of realisations are:

- Amounts recovered under the TSA; and
- Amounts paid or recoverable under the TSA from other Administration Companies. The basis of the allocation of the shared costs is set out in Section 4.3.

In previous periods the expenses estimate was prepared on the basis of which entity the costs were incurred by, rather than paid. As a result, the previous analysis did not reflect the fact that Retail Services has paid most of the costs on behalf of the other Administration Companies. Consequently, we have revised the schedule to reflect the actual amounts that will be paid and have also incorporated our estimates of the IGA transfers that will be required to reflect trading under the TSA.

As the basis of preparation has been changed, a line by line comparison of the current expenses estimate to the previous version would not be meaningful. We have, however, included the total expenses from the last estimate to show the decrease in estimated expenses.

Note 1 - Legal fees

Legal fees expected to be incurred by our lawyers, primarily Linklaters, have increased since our previous estimate and relate to various workstreams including statutory reporting matters, creditor meetings, sales to PropCos, intercompany settlements and TSA settlement matters. As reported previously, we anticipate a full recovery of legal fees from Cribbs and Arndale.

Note 2 - Management fees

This represents a charge made by Management Services and Intu RS in providing the services of their employees to allow the Administration Companies to continue to trade to provide services to the Propcos under the TSA. The charge to the Administration Companies, based on 5% of their employees' salary costs, covers the administration costs associated with continued trading and without the benefit of the recovery of these costs it would not have been possible to continue to trade these companies.

These management charges have been agreed by the administrators of both the entity being recharged and the administrators of Management Services and Intu RS.

Note 3 - Employee costs

This relates to repayment recoveries of payments made in advance in respect of employee benefit schemes and BUPA.

Note 4 - Insurance

This relates to repayments received in respect of the Group insurance policies. Of this amount £241,200 has been recovered from Group companies outside of the Administration Companies, with the balance being recharged to the Administration Companies under the Intra-Group Agreement.

General note

Previous expense estimates were prepared showing which entity was incurring a particular cost as it was not possible to estimate the outcomes of the TSA recharges or Intra-Group Agreement recharges until the TSA settlements with the Propcos were substantially known.

Based on a relatively finalised TSA position we have been able to amend the expense estimated to reflect the actual costs that will be paid by each entity, the amount that these costs will be recoverable under the TSA and the element of the shared costs that will be paid / recovered under the TSA.

Consequently, the above table shows the net expense estimate for each entity after TSA and Intra-Group Agreement recharges.

Appendix 6 Joint Administrators' charging and expenses 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 in-house KPMG (until 3 May 2021) and Interpath Advisory (from 4 May 2021) tax, VAT, employee, forensics, IT, TSA True Up and F-Tech specialists. Until 4 May 2021, time charged to the administration by these specialists included time charged by specialists from the same organisation as the officeholders and their staff. However, on 4 May 2021 KPMG sold its UK Restructuring business to Interpath Ltd ('Interpath'). From 4 May 2021, the majority of this work has been undertaken by Interpath, with other aspects provided by KPMG Specialists. Please see section 5.3 for further information on future payments to KPMG.

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:

[R3 | Technical Library | England & Wales | Guidance | Fees](#)

If you are unable to access this guide and would like a copy, please contact us at intu@interpathadvisory.com.

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.

Table of charge-out rates

Partner/Managing Director	920	985	985
Director	810	910	910
Senior Manager	710	810	810
Manager	565	650	650
Senior Administrator	415	475	475
Administrator	315	350	350
Support	157	345	165

This administration utilises Interpath's Restructuring charge out rates reflecting the complex nature and size of the business in the Group being restructured.

In this particular case, we took control of a FTSE100-size organisation, in the environment of the Covid-19 pandemic. The Group operated and managed 18 shopping centres, primarily in the UK, including 9 of the top-20 UK centres. The majority of the Group's shopping centres were owned by a wholly or majority-owned subsidiaries, each with their own lending structure.

Accordingly, the Group was not designed to be easily separable nor wound down, and, as explained throughout this report, there were numerous complex arrangements which have and will take time and specialist resource to resolve.

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 expenses

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

Expenses: These are any payments which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements which are payments first met by the office holder, and then reimbursed to the office holder from the estate.

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. 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 expenses: These are payments to associates or which have an element of shared costs. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Associates: are defined in the insolvency legislation but also extends to parties where a reasonable and informed third party might consider there would be an association between the third party and the office holder or their firm. Included in the summary of expenses table below are the costs incurred by KPMG Specialists (including tax, forensics, TSA True Up and F-Tech specialists) for the period from 26 December 2021 to 25 June 2022. As noted above, until 4 May 2021 these KPMG Specialists were part of the same firm as the office holders. On 4 May 2021, KPMG LLP sold its Restructuring business in the UK to Interpath. Whilst we do not consider KPMG are an associate of Interpath, for transparency, we requested approval to pay KPMG Specialists up to the amounts provided in our second progress report, from the unsecured creditors.

Category 2 expenses charged by Interpath 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 managing director's car – 60p per mile.

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

We have incurred the following expenses (excluding VAT) during the period 26 December 2021 to 25 June 2022.

KPMG Specialists	NIL	NIL	NIL	47,319.13	47,319.13
Postage	103.81	NIL	NIL		103.81
External Printing	314.58	NIL	NIL		314.58
Total	418.39	NIL	NIL	47,319.13	47,737.52

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

Category 2 expenses, including KPMG Specialists, are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 26 December 2021 to 25 June 2022

The key areas of work have been:

Trading and	preparing cash flow statements to monitor the cash position;
-------------	--

support under the terms of the TSAs	<p>attending to supplier and customer queries and correspondence;</p> <p>raising, approving and monitoring purchase orders and setting up control systems for trading;</p> <p>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;</p> <p>preparation of supporting materials for PropCos / stakeholder discussions;</p> <p>providing cost updates in respect of TSAs;</p> <p>working with PropCos on migration activities;</p> <p>discussions with PropCos regarding settlement of TSA arrangements.</p>
Statutory and compliance	<p>posting information on a dedicated web page;</p> <p>preparing statutory receipts and payments accounts;</p> <p>ensuring compliance with all statutory obligations within the relevant timescales.</p>
Strategy documents, Checklist and reviews	<p>monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same;</p> <p>briefing of our staff on the administration strategy and matters in relation to various work-streams;</p> <p>regular case management and reviewing of progress, including regular team update meetings and calls;</p> <p>meeting with management to review and update strategy and monitor progress;</p> <p>reviewing and authorising junior staff correspondence and other work;</p> <p>dealing with queries arising during the appointment;</p> <p>reviewing matters affecting the outcome of the administration;</p> <p>allocating and managing staff/case resourcing and budgeting exercises and reviews;</p> <p>liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</p> <p>complying with internal filing and information recording practices, including documenting strategy decisions;</p> <p>ongoing review of the large number of subsidiary entities owned by the Company to identify any that require strike off or liquidation.</p>
Cashiering	<p>preparing and processing vouchers for the payment of post-appointment invoices;</p> <p>creating remittances and sending payments to settle post-appointment invoices;</p> <p>preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks;</p> <p>reconciling post-appointment bank accounts to internal systems;</p> <p>ensuring compliance with appropriate risk management procedures in respect of receipts and payments.</p>
Tax	<p>analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;</p> <p>working initially on tax returns relating to the periods affected by the administration;</p> <p>analysing VAT related transactions;</p> <p>dealing with post appointment tax compliance.</p>
Shareholders	<p>responding to enquiries from shareholders regarding the administration.</p>
General	<p>reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9;</p> <p>drawing remuneration in accordance with the basis which has been approved by the Creditors' Committee initially and latterly with unsecured creditors;</p> <p>dealing with the ongoing storage of the Company books and records.</p>
Asset realisations	<p>completing a comprehensive refinancing of the Madrid Xanadú shopping centre JV, including the insertion of a mezzanine debt into the 'Intu limb' of the structure;</p> <p>liaising with agents regarding the sale of assets;</p> <p>reviewing outstanding third party debtors and management of debt collection strategy;</p> <p>communicating with debtors;</p> <p>reviewing and reconciling the inter-company debtor position between the Company and other group companies;</p> <p>reconciling and negotiating with PropCos to recover pre-administration receivables and dealing with queries and challenges to approach adopted.</p>
Health and safety	<p>liaising with the Health and Safety Executive and the competent authority regarding the administration and ongoing health and safety compliance.</p>
Open cover insurance	<p>renewing and maintaining open insurance cover for the Company's business and assets;</p> <p>liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place and to manage and allocate insured claims;</p>

	renewal of Group D&O arrangements including reassessment of the scope of cover and negotiating of premium.
Creditors and claims	<p>responding to enquiries from creditors regarding the administration and submission of their claims;</p> <p>reviewing completed forms submitted by creditors, recording claim amounts, adjudicating creditor claims and maintaining claim records;</p> <p>seeking legal advice on validity of claims where appropriate;</p> <p>updating an Entity Priority Model to map the flows of funds from any distribution;</p> <p>review and validation of inter-company transactions, managing a central matrix and updating same, documenting support for inter-company creditor claims;</p> <p>agreeing secured/preferential/unsecured claims;</p> <p>arranging payment of a distribution to the unsecured creditors;</p> <p>drafting our progress report.</p>
Committees	arranging and chairing the meeting of the Informal Creditors' Committee.

Time costs

SIP 9 –Time costs analysis (26/12/2021 - 25/06/2022)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Trading			
Cashiering			
General cashiering	45.82	23,536.70	513.68
Employees			
Trading Management	17.50	10,131.50	578.94
Tax			
Post appointment corporation tax	213.05	169,837.00	797.17
Post appointment VAT	12.40	9,744.00	785.81
Administration & planning			
Creditors			
General Correspondence	78.76	38,853.75	493.32
Statutory reports	94.55	76,807.00	812.34
General			
Books and records	4.60	2,427.00	527.61
Fees and WIP	26.50	19,774.00	746.19
Statutory and compliance			
Engagement management and workstream oversight	146.75	129,018.00	879.17
Budget and Estimated Outcome statements	80.75	52,023.50	644.25
Checklists and reviews	33.00	16,853.50	510.71
Strategy documents	25.95	17,395.25	670.34
Creditors			
Committees			
Ad-hoc committee formation and reports	49.10	41,166.50	838.42
Creditors and claims			
Distributions and agreement of claims	581.90	373,435.75	641.75
General analysis			
Asset Realisation			
Investment in India	78.30	55,423.00	707.83
Propco liaison/disposal	23.70	19,512.00	823.29
Spanish assets – realisable via intercompany debtors	404.40	300,418.60	742.87
Intercompany creditor agreement			
Legal entity simplification	16.30	10,393.00	637.61
Other assets	7.30	5,902.00	808.49
Insurance	6.00	4,458.00	743.00
Cash and Investments	4.60	3,726.00	810.00
Total in period	1,951.23	1,380,836.05	707.67
Brought forward time as previously reported (appointment date to SIP 9 period start date)	9,608.36	6,035,798.40	
Adjustments made following further reconciliation and analysis	-50.39	-74,456.25	
Adjusted brought forward time (appointment date to SIP 9 period start date)	9,557.97	5,961,342.15	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	1,951.23	1,380,836.05	
Carry forward time (appointment date to SIP 9 period end date)	11,509.20	7,342,178.20	

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 Intercompany receivables and payables

We include below a list of the material intercompany balances, with balances below £1 million consolidated for presentation purposes only. As a result of the detailed review of intercompany accounts we have identified adjustments to certain of the balances and have explained material movements in the body of this report. Further adjustments may be required if additional information is received during the claims adjudication process.

Intercompany Receivables Balances (£)				
Debtor entity	Book value at SOA date	Indicative book value as at 25 December 2021	Current indicative value	Mat'l movement from Dec '21 to Jun '22
Liberty International Group Treasury Limited	806,682,656	727,153,015	727,153,015	-
Nailsfield Limited	51,097,187	51,137,187	51,137,187	-
Intu Holding SARL - GBP	36,928,805	36,928,805	36,928,805	-
Intu Shopping Centres plc	5,204,977	7,634,486	7,617,594	-
Intu Investments Limited		2,306,455	-	(2,306,455)
Sum of balances < £1m	4,878	613,784	613,784	-
Total	899,918,503	825,773,732	823,450,385	(2,306,455)

Intercompany Creditor Balances (£)				
Creditor entity	Statement of Affairs	Indicative claim as at 25 Dec 2021	Indicative claim as at 25 Jun 2022	Material movement from Dec '21 to Jun '22
Intu (Jersey) 2 Limited	376,649,590	376,649,590	376,649,590	-
Intu Spain Limited	13,677,622	14,951,232	14,951,240	9
Intu Investments Limited	763,629	(2,306,455)	-	2,306,455
Sum of balances < £1m	12,618	5	1	(4)
Total	391,103,459	389,294,372	391,600,831	2,306,460
Add back: credit balances	-	2,306,455	-	-
Revised intercompany creditor total	391,103,459	391,600,827	391,600,831	-

Appendix 8 Indicative Estimated Outcome

Summary Estimated Outcome Statement	
£'000	Properties
Realisations	
Day 1 cash	87,398
Debtors and prepayments	97
Propco receivables	630
Intercompany distributions	55,380
Other	3,348
Total realisations	146,854
Realisation costs (net of recoveries under the TSA)	
Administrators' fees	(6,544)
KPMG fees	(208)
Legal and professional	(2,867)
Management fees	(34)
Allocated costs	(136)
Other direct costs	(153)
Agents/Valuers	(142)
Group tax relief	-
Contingency	(361)
Preferential creditors	-
Total realisation costs	(10,446)
Total estimated net realisations	136,408

Unsecured creditors	
Unsecured creditors	1,497,290
Estimated total dividend - pence per £	
Unsecured creditors	9.1

Summary of Unsecured Creditors	
£'000	Properties
Unsecured creditors - Company liability	
Trade and other payables	(4,520)
RCF	(581,151)
Intercompany payable	(391,481)
Total company liability claims	(977,152)
Unsecured creditors - Guarantee claims	
Unsecured guarantee claims	(376,641)
Swaps	(143,497)
Total guarantee claims	(520,138)
Total unsecured creditors	(1,497,290)

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)
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
Creditors' Committee	A creditors' committee under Rule 17 of the Insolvency (England and Wales) Rules 2016 (SI 2016/1024)
CSP	Corporate Services Provider
DTL	Deferred Tax Liability
Entity Priority Model	The entity priority model prepared by the Joint Administrators.
Group/Intu	The Company, together with the Administration Companies and some 251 subsidiaries in the Intu Group
IIPL	Intu India (Portfolio) Limited

Interpath/Interpath Advisory	Interpath Ltd
Intra-Group Agreement / ICA	The intra-group agreement in relation to the TSA
Intu Energy	Intu Energy Limited – in Administration
Intu Jersey	Intu (Jersey) 2 Limited (now in liquidation)
Intu RS	Intu RS Limited – in Administration
Joint Administrators/Administrators/we/our/us	Jim Tucker, David Pike and Mike Pink
JV	Joint Venture
KPMG	KPMG LLP
KPMG Specialists	Tax, forensics, IT, TSA True Up and F-Tech specialists from KPMG
LIGT	Liberty International Group Treasury Limited – in Administration
LIHL	Liberty International Holdings Limited – in Administration
Linklaters	Linklaters LLP
Management Services	Intu Management Services Limited – in Administration
Nailsfield	Nailsfield Limited

PIPL	Prozone Intu Properties 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
Retail Services	Intu Retail Services Limited – in Administration
SIP 9	Statement of Insolvency Practice 9 – Payments to insolvency office holders and their associates from an estate (effective from 1 April 2021)
Shopping Centres	Intu Shopping Centres Plc – in Administration
TopCo	A company within the Group which is not a PropCo and which includes the Administration Companies
Transol	Transol Investments Limited
TSA	Transitional Services Agreement

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 – www.interpathadvisory.com/privacy-insolvency.

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, Interpath Ltd 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.

www.interpathadvisory.com

© 2022 Interpath Ltd is a limited company registered in England and Wales (trading as "Interpath Advisory"). All rights reserved.