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

AM10
Notice of administrator's progress report

Companies House

TUESDAY

A9WHJSJK
A06 19/01/2021 #1
COMPANIES HOUSE

1 Company details

Company number	0 7 2 7 9 4 6 7
Company name in full	Victoria's Secret UK Limited

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

2 Administrator's name

Full forename(s)	Robert James
Surname	Harding

3 Administrator's address

Building name/number	1 New Street Square
Street	London
Post town County/	EC4A 3HQ
Region	
Postcode	
Country	

4 Administrator's name ❶

Full forename(s)	Daniel Francis
Surname	Butters

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

5 Administrator's address ❷

Building name/number	1 New Street Square
Street	London
Post town County/	EC4A 3HQ
Region	
Postcode	
Country	

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

AM10
Notice of administrator's progress report

6 Period of progress report

	d	d	m	m	y	y	y	y
From date	0	5	0	6	2	0	2	0
To date	0	4	1	2	2	0	2	0

7 Progress report

☑ I attach a copy of the progress report

8 Sign and date

Administrator's signature

Signature

X [signature] X

	d	d	m	m	y	y	y	y
Signature date	2	1	1	2	2	0	2	0

AM10
Notice of administrator's progress report

Presenter information

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

Contact name	Radha Kaur
Company name	Deloitte LLP
Address	Four Brindleyplace
	Birmingham
Post town	B1 2HZ
County/Region	
Postcode	
Country	
DX	
Telephone	+44 121 632 6000

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

Deloitte.

Victoria's Secret UK Limited (in Administration)

("the Company")

Progress report to creditors for the period 5 June 2020 to 4 December 2020 pursuant to rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules")

Court Case No. CR-2020-002683
High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)
Company Number: 07279467

Registered Office: c/o Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

Robert James Harding and Daniel Francis Butters ("the Joint Administrators") were appointed Joint Administrators of Victoria's Secret UK Limited on 5 June 2020 by the directors of the Company, 16 Garrick Street, London, EC4A 3HQ. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), ("the Act"), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

21 December 2020

Contents

Key messages

Key messages

Joint Administrators of the Company

Robert James Harding

Daniel Francis Butters

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Contact Details

Email: radkaur@deloitte.co.uk

Website: www.ips-docs.com

Tel: +44 121 695 5049

	Commentary
Purpose of administration	• The purpose of the administration is to achieve a better result for the Company's creditors as a whole than a liquidation.
Progress of administration	• As detailed in our proposals, on appointment all of the Company's stores remained closed following the enforced closure of non-essential retail stores from 23 March 2020 as a result of Covid-19 restrictions. • All stores re-opened for trade under a phased re-opening, between 26 June 2020 and 8 August 2020, as landlord agreements for an initial period of rent free occupancy were met and stores were made Covid-19 secure. Please see page 7 for further details. • Whilst trading the business, the Joint Administrators explored all options available for a sale of the Company's business assets. Please see page 6 for further details. • Trading ceased on 18 October 2020, when certain of the Company's business assets were hived down and sold via a share sale to VS Brands Holdings UK Limited ("the Purchaser"), ("the Transaction"). Please see page 6 for further details. • The Joint Administrators are continuing to work with the Company's suppliers to agree final trading and third party costs (including group recharges), in order to reconcile the final trading position. Please see page 7 for further details. • The Joint Administrators are now seeking to realise residual assets held by the Company as detailed on page 9.
Costs	• Our time costs for the period of the report are £2,405,704. Please see page 19 for further details. • We have incurred disbursements of £1,830 in the report period. Please see page 21 for further details. • Third party costs and expenses of £1,083k have been incurred in the report period. Please see page 10 for further details.

Key messages

Joint Administrators of the Company

Robert James Harding

Daniel Francis Butters
Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Contact Details

Email: radkaur@deloitte.co.uk
Website: www.ips-docs.com
Tel: +44 121 695 5049

	Commentary
Outstanding matters	• Finalise trading position (including Group recharge costs). • Reconcile sale of business cash consideration and collect balances due. • Conclude outstanding lease assignments and collect outstanding licence to occupy payments where leases did not have an effective date of the date of the Transaction. • Continue to pursue outstanding asset realisations including pre-appointment rates refunds, residual sums due from the Company's merchant services providers. • Prepare for and make distributions to preferential and unsecured creditors. • Liaise with HM Revenue and Customs ("HMRC") to finalise all tax and VAT matters. • Statutory closing procedures.
Dividend prospects	• The Company has no secured creditors. • Preferential creditors - we anticipate that sufficient funds will become available to enable payment in full of preferential claims. • Unsecured creditors – it is likely that there will be a distribution for unsecured creditors.
Extension to administration period	• We do not anticipate that it will be necessary to extend the period of the administration which is due to end on or before 4 June 2021.

Progress of the administration

Progress of the administration
Summary

Work done during the report period

Sale of business assets

As previously reported in our proposals, the Company did not own the 'Victoria's Secret' brand ("the Brand") or associated intellectual property ("IP"). The Company historically operated under a licence agreement from a group entity (Victoria's Secret Stores Brand Management, Inc.) in order to trade using the Brand. As a result, any purchaser of the Company's assets required consent from the Brand owner to trade using the Brand.

The Joint Administrators commenced the marketing of the business's assets on appointment. Following 34 inbound expressions of interest, three parties were issued Non-Disclosure Agreements ("NDA"), reviewed financial, commercial and operational information and were invited to submit a proposal to the Victoria's Secret brand owner ("Brand owner") and the Joint Administrators. One proposal was progressed to Heads of Terms.

On 18 October 2020, the Company's business assets were transferred to Intimate Apparel Retail UK Limited ("Hive Co"), a subsidiary of VSUK, created for the purposes of the transaction ("Hivedown"). Assets transferred to the Hive Co included:

- a licence to occupy on all properties;
- TUPE of all employees;
- business stock; and
- fixtures and fittings.

A number of the Company's assets were excluded from the transfer to Hive Co, including but not limited to cash at bank and book debts.

Shortly following the Hivedown of the Company's assets, the shares of the Hive Co were sold to VS Brands Holdings UK Limited ("the Purchaser" or "the Joint Venture"), a Joint Venture between Next Plc and L Brands Inc ("Share sale" or "the Transaction"). This also occurred on 18 October 2020. Consideration in respect of the Share sale was £1.

This transaction structure was necessary for the purposes of facilitating the transaction and preserving value in the Company's corporate tax assets, which were key to the transaction for the Purchaser.

In addition to the consideration in respect of the Share sale, the Joint Administrators are continuing to calculate the final value of cash consideration by reference to the terms of the Hivedown agreement, details of which will be provided in the next progress report.

The Company's assets were transferred to the Hive Co for greater value than would have been achieved in a liquidation of the Company's assets.

Progress of the administration
Summary

Work done during the report period cont.

Leasehold property and licence to occupy

The Company operated from 25 leasehold retail stores, a distribution centre and head office facility. Prior to our appointment, the Company had instructed independent property agents Savills to undertake a valuation of the leasehold property portfolio. Savills were retained by the administrators and the valuation confirmed no leases held premium value.

The Hive Co was granted a licence to occupy the 25 stores for a period of 6 months until new leases had been entered into between the respective landlords and the Purchaser, or the leases surrendered.

During this period of occupation, we, the Joint Administrators, have and will continue to pay, as an expense of the administration, any property costs due under the respective leases. These costs will be recharged to the Hive Co where lease assignments do not have an effective date of the 18 October 2020. Costs incurred by the administrators for the period after 18 October 2020 will form part of the reconciliation of sums due following cessation of trading.

The Joint Administrators are continuing to liaise with the Landlords to finalise outstanding rent payments for the trading period (following the expiry of the initial rent free period) and the outcome of outstanding lease assignments.

Legal advice has been obtained to support the Joint Administrators with various leasehold property matters including documentation in respect of the initial rent free period of occupation, the licence to occupy and the reassignment of leases to the Purchaser.

Trading

Overview

As previously reported, due to Covid-19 and the Government enforced closure of non-essential retail across the UK, trading had been suspended since 23 March 2020 and therefore all the Company's retail stores were closed on appointment.

The UK Government announced that non-essential businesses (including retail businesses) were able to re-open for trade with effect from 15 June 2020 providing that certain measures and guidelines were met. This provided the Joint Administrators an option to resume trading whilst a buyer for the business was sought.

The Joint Administrators commenced the re-opening of stores on a phased re-opening from 26 June 2020 in order to preserve customer loyalty. The Joint Administrators agreed with the Brand owner that stores could reopen on the provision of the following:

- landlord agreement to an initial rent free period; and
- a licence to sell stock and trade under the brand name and all relevant IP during the administration trading period.

Customer gift cards and returns (in line with the Company's policy) continued to be honoured during the administration trading period.

Trading ceased on 18 October following the transfer of the Company's business assets to Hive Co. To date, trading sales of £20m have been received and trading costs of £11m have been incurred (partially offset by £2m received under the HMRC Job Retention Scheme). The Joint Administrators are continuing to finalise the trading outcome. Further invoices are expected to be presented by suppliers and paid by the Joint Administrators. We expect to generate a surplus for the administration estate or break even at a minimum.

A detailed trading account is provided on page 12.

Progress of the administration
Summary

Work done during the report period cont.

Employees

At the date of appointment, 804 out of 827 employees were on furlough as a result of the closure of all stores due to Covid-19.

There were no redundancies made on appointment whilst the Joint Administrators explored all options available to the Company. In line with the phased store re-openings, employees ceased to be on furlough and returned to work as necessary to facilitate trading.

The Joint Administrators continued to submit Coronavirus Job Retention Scheme ("CRJS") applications to HM Revenue and Customs ("HMRC") for employees who remained on furlough.

All employees transferred to the Hive Co under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE").

Group functions

The Company utilised a number of central functions provided by the L Brands Inc group ("the Group"), including but not limited to finance, purchasing, logistics, the IT infrastructure and real estate.

On appointment, we agreed ongoing use of the Group's IT services along with other central functions undertaken by the Group. The Joint Administrators are in the process of reconciling the Group recharge for the services provided during the Administration trading period.

Merchant services providers

We obtained agreement from the merchant service providers to support the trading period.

During the Administration trading period, funds were remitted into the pre-appointment bank accounts and were periodically transferred into the administration bank account.

Following the cessation of trade, we are working with one of the Company's merchant service providers to remit final balances due to the Company.

Asset Realisations

Rates/sundry refunds

Rates and sundry refunds of £962k have been realised during the report period in respect of overpayments made by the Company prior to our appointment.

VAT refund

A VAT refund of £785k has been received into the Company's bank account held with Citibank. This is not reported in the Company's receipts and payments account on page 11 as funds from Citibank were received after the 4 December 2020.

Shortly prior to the Administration, the business and assets of another Group entity, Intimate Brands Management Limited ("IBML"), had been transferred to the Company. A VAT refund of £61k has been received in respect of IBML.

Chattel assets and fixtures and fittings

As at the date of appointment the Company owned a quantity of tangible assets including fixtures and fittings, stock (£13m NBV as at 30 May 2020) and other items across its trading premises.

Hilco specialist retail agents, were appointed by the Company to undertake a valuation of the Company's stock and fixtures and fittings. Hilco were retained by the Joint Administrators. The majority of the Company's stock and fixtures and fittings are branded and therefore in the absence of a licence to trade using the Brand, there was limited value in these assets.

During the Administration trading period the Joint Administrators were provided with a licence to trade using the assets, however we were not granted a licence to sell the assets to a third party without consent from the Brand owner. As a result, the stock and fixtures were transferred to the Hive Co as part of the Hivedown agreement (as detailed on page 6) in order to achieve value greater than the liquidation value of these assets.

Progress of the administration
Summary

Work done during the report period cont.

Intra-group balances cont.

Three Group entities have formal debt facilities with the Company, with a total debt outstanding to the Company of c.£6.3m as at May 2020. The maturity dates for these loans are 2022, 2024 and 2025.

Loan interest continues to be paid to the Company in line with the formal debt agreements. The Joint Administrators are taking the necessary actions to recover the amounts due.

Cash at bank

The Company's bank accounts with HSBC were in credit by £10.6m at the date of appointment which has been transferred to the administration estate.

The Company also held an account with Barclays. The account has been closed and £3k has been transferred to the administration estate.

The Company and IBML also held accounts with Citibank. The Joint Administrators have been working with Citibank to secure a transfer of funds from these accounts to the administration bank account. The balance of £396k cash at bank as at the date of appointment has been transferred to the administrators bank account and the accounts have been closed. This amount does not appear in the receipts and payments account on page 11 as funds from Citibank were received after the period end.

HMRC Covid-19 Receivable

As part of the Covid-19 relief measures, the Coronavirus Job Retention Scheme ("CJRS") has been implemented by the Government, enabling businesses to claim a contribution to employee wages and salaries for employees who are placed on furlough.

Claims have been submitted on behalf of the Company under this CJRS scheme, with £2.4m funds being received in respect of employees on furlough.

Creditors

During the period of this report we have liaised with all classes of creditors, as queries have arisen.

We have liaised with creditors by telephone, email and post, including the review of proof of debt forms, answering general queries and providing updates on the progression of the administration and dividend prospects.

Statutory tasks

During the period we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Case set-up and management actions, including updating the creditor portal for the case, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, including the preparation of the Proposals;
- Appointment notifications, including notifying the relevant parties of the appointment;
- Confidential report to the Insolvency Service on the directors' conduct;
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts; and
- Interaction with HM Revenue & Customs in respect of VAT and Corporation Tax matters.

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors.

Progress of the administration

Summary

Work done during the report period

Director Conduct Report

We have complied with our statutory duty to report on the conduct of the Company's directors and submitted our confidential report to the Insolvency Service on 4 September 2020.

Investigations

We have reviewed the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

Having completed this review no further avenues of recovery have been identified.

If you have any information that you feel should be brought to our attention, please contact us in writing using the contact details on page 3.

Third party costs incurred during the report period

The following third party expenses have been incurred during the report period:

Legal Costs:

- We instructed Linklaters LLP, a firm of lawyers with the appropriate expertise and experience in dealing with these types of administrations, to advise on the following legal matters and to prepare required legal documentation in relation to:
  - assist with drafting and preparation of the sales agreement and licence to occupy agreement; and
  - other ad-hoc advice as required throughout our appointment.
- They estimated that their fees would not exceed £854k (exclusive of VAT and disbursements). As a result of ongoing legal matters in relation to trading matters, advice and documentation in respect of initial rent free periods of occupation with landlords, preparation of sale documentation, advice in relation to the leasehold property portfolio and documentation of lease assignments in respect of 16 of the Company's properties, to date their costs have amounted to £972k (plus VAT).
- We have instructed Charles Russell Speechlys LLP ("CRS"), a firm of lawyers with the appropriate expertise and experience in dealing with these types of administrations, to carry out a validity of appointment review and advise on any leases where Linklaters LLP are unable to act due to conflict issues. They estimated that their fees would not exceed £27k (exclusive of VAT and disbursements). As a result of complexities surrounding leasehold property matters, to date their costs have amounted to £79k (plus VAT).

Agents' Costs

- Agent's Costs – prior to our appointment, the Company had instructed agents with the appropriate expertise and experience to assist in the following matters. These agents were retained by the Joint Administrators to assist in the delivery of the transaction.
  - Savills were instructed to a review of the leasehold property portfolio and their fee for so doing of £20k plus VAT has been paid during the period; and
  - Hilco were instructed to undertake a valuation of the Company's stock, fixtures and fittings and their fee for so doing of £12k plus VAT has been paid during the period.

All costs have been paid in the administration, as shown in the receipts and payments account on page 11.

All professional costs are reviewed and analysed in detail before payment was approved.

Progress of the administration

Receipts and payments

Joint Administrators' receipts and payments account
05 June 2020 to 04 December 2020

£	SoA values	Notes	To date
Receipts			
Trading Surplus/(deficit)	*423,119*	*5*	11,429,146
Receivables from Employees	*9,433*		-
Loans Receivables	*6,626,282*		-
Trading Receivables	*196,789*		19,017
Inventories	*13,946,948*		-
Other Receivables	*16,655*		912
Insurance Refund			436
Loan Interest			5,552
Shares of Hiveco			1
VAT Refund	*7,461,454*		60,799
Cash at Bank	*11,866,989*		10,569,012
Prepayments Refund	*929,704*		961,487
Bank Interest Gross		*1*	1,312
Funds Received in Error		*4*	107,259
Total receipts	*41,477,373*		**23,154,934**
Payments			
Data Room Charges			4,635
Rates Refund Charges			71,520
Payment of Funds Received in Error		*4*	5,552
Pre Appointment Legal Fees			79,647
Pre Appointment Legal Disbursements			1,581
Agents/Valuers Fees			32,000
Legal Fees			1,050,809
Legal Expenses			71
Statutory Advertising			95
Bank Charges			3,772
Total payments			**1,249,683**
Balance			**21,905,251**
Made up of:			
VAT Receivable/(Payable)		*3*	(355,139)
Interest Bearing Bank Account		*1*	18,105,021
Import Tax			217,271
Pre-Appointment Bank Account		*6*	4,223,963
Other Payroll Deductions			(7,233)
PAYE Payable			(28,561)
Nat. Ins. Payable			(13,430)
Trade Creditors		*2*	(236,643)
Balance in hand			**21,905,251**

A receipts and payments account together with a separate trading account is provided opposite and on the next page, detailing the transactions during the report period to 4 December 2020.

Notes to receipts and payments account

Note 1

All funds are held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HM Revenue & Customs.

Note 2

Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

Note 3

All sums shown opposite are shown net of VAT, which is recoverable and will be accounted for to HM Revenue & Customs in due course.

Note 4

Funds received in error largely relate to receipts relating to sales post completion, which will be reconciled and transferred to the Purchaser in due course.

Note 5

A trading account is provided on page 12. Please note this is not the final trading outcome as further trading invoices are expected to be received and subsequently paid.

Note 6

A number of trading receipts and asset realisations have been settled into the Company's pre-appointment HSBC account. The Joint Administrators undertake periodic transfers of these funds into the Administration bank account.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.

Progress of the administration

Receipts and payments

Joint Administrators' receipts and payments account
05 June 2020 to 04 December 2020

£	SoA values	To date
Receipts		
Sales		19,890,474
HMRC Covid-19 Receivable	423,119	2,359,724
Total receipts	**423,119**	**22,250,198**
Payments		
Tax Free Invoices		7,595
Customer Refunds / Goodwill		1,257
Direct Labour		6,945,432
Direct Expenses		3,706
Other Employee Related Costs		2,610
Rents		467,587
Other Property Costs		469
Utilities		686,461
Service Charge		253,914
IT Expenses		54,141
Distribution and Logistics		38,201
Insurance		9,740
Bank Charges		13,615
Lease/HP Payments		8,770
Inventory Cost		90,020
Repairs & Maintenance		218,341
Merchant Services fees		61,551
Cleaning		251,737
Marketing / Advertising		250,148
Customs Duty		358,867
Health and Safety		40,703
Cash Collection Services		21,895
Ransom Creditors		854,267
Business Continuity Payments		45,065
Security		46,521
Payroll Preparation		68,695
Customs Deferment Account Charges		15,815
Stationery		3,926
Total payments		**10,821,051**
Trading surplus/(deficit)		**11,429,146**

Notes to trading account

The trading account shown in the column opposite has been prepared on an accruals basis.

The Joint Administrators ceased to trade the business on 18 October 2020.

We anticipate that, once outstanding sales receipts have been collected and trading costs settled, there will be a trading surplus.

Note 1 – The trading account does not provide the final trading outcome. The Joint Administrators expect further material trading invoices to be received and subsequently paid. Based on current information, the Joint Administrators expect the final trading surplus to be c.£5m.

Progress of the administration
Pre-administration costs

Pre administration costs

We included the following statement of pre administration costs in our Proposals:

In the following paragraphs we have provided an explanation of the work carried out by us and by Linklaters LLP in the period prior to the administration and which was carried out with the intention of helping to achieve the objective of the administration i.e. to achieve a better result for the Company's creditors as a whole than a liquidation:

- liaising with lawyers in relation to preparation and signing of appointment documents;
- considering the impact of an administration appointment on overseas entities, including funding requirement to manage a wind down/sale;
- preparing strategies in relation to employees, and customers;
- analysis and advice from a tax perspective on the CJRS claim and immediate tax actions required by the administrators on appointment;
- establishing ownership and location of assets;
- considering post-appointment options in the event a sale is not achievable; and
- collating company data, financial information and stakeholder records in preparation for an administration appointment.

In relation to this work our time costs are £61,008 plus VAT, which remain unpaid.

During planning for the administration, we were assisted by Linklaters LLP on matters including:

- preparation and review of appointment documents;
- advice and correspondence on appointment timing;
- serving appropriate notices of appointment on relevant parties;
- review of leasehold property agreements and advice around the initial landlord strategy and immediate communications;
- review of the Company's licence agreement with the brand owner and advice in relation to the ability and requirements for the Administrators to trade under the Victoria's Secret brand during any administration trading period; and
- advice in relation to use of the Company's distribution centre.

In respect of this work Linklaters LLP incurred £79,647.14 of time costs and £1,581.14 of expenses.

These costs have now been approved by a decision of the unsecured creditors on 14 August 2020 and have been drawn as shown in the Receipts & Payments Account on page 11.

Information for creditors

Information for creditors
Outcome

Outcome for creditors

Secured creditors

The Company's records show there was no Secured Creditor at the date of appointment.

Preferential creditors

Preferential claims consist of amounts owed to employees for arrears of wages/salaries, holiday pay, and pension contributions.

Employees had arrears of wages prior to the date of appointment of c.£225k. The Joint Administrators have paid the outstanding arrears for employees not on furlough (c.£50k) to ensure support from employees during the administration process. CJRS claims have been made to cover the arrears of wages for staff who were on furlough (c.£175k).

We estimate that there will be preferential claims totalling c.£29k in respect of unpaid pension contributions. The estimate for preferential claims is lower than earlier expectations as all employees transferred to the Hive Co under TUPE. On present information we anticipate that sufficient funds will become available to enable these claims to be paid in full.

Prescribed Part

As detailed in the Proposals, the Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003.

As there is no floating charge the Prescribed Part provisions will not apply to this case so all funds net of costs and after a distribution to preferential creditors will be paid to unsecured creditors.

Unsecured creditors

The directors' statement of affairs shows 208 unsecured creditors with estimated non-preferential claims totalling £466,794,249.

Based on current information, it is likely that there will be sufficient realisations to enable a distribution to be made to unsecured creditors.

The timing and quantum of any distribution is dependent on the outcome of concluding outstanding matters and realising all available assets.

Claims process

Creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed, according to the Company's statement of affairs, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a proof of claim to us.

Creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us either directly via the case website at www.ips-docs.com or by downloading and completing a proof of debt form from the case website and which should be sent to the address on the cover page. Alternatively, a hard copy proof of debt form will be provided free of charge on request.

Information for creditors
Outcome

Extensions to the administration

We do not anticipate that it will be necessary to extend the period of the administration, which is due to end on or before 4 June 2021.

Exit

We consider a move to creditors' voluntary liquidation ("CVL") to be the most appropriate exit route from the administration, to enable the dividend to be paid to unsecured creditors.

Information for creditors

Transactions with Connected Parties

Transactions with connected parties

As previously reported, during the period covered by the report some of the Company's assets were transferred to Intimate Apparel Retail UK Limited, a subsidiary of the Company, created for the purposes of the transaction.

The shares of Intimate Apparel Retail Limited were subsequently sold to VS Brands Holdings UK Limited, a Joint Venture between Next Plc and L Brands Inc.

L Brands Inc., part of the Joint Venture, is a connected party to Victoria's Secret UK Limited.

Further detail in relation to the assets transferred / sold to connected parties are detailed in the table below. Please refer to page 6 for further detail in realtion to the sale of the Company's assets.

Prior to undertaking the sales:

- We were provided with valuations performed by qualified valuers and from which we are satisfied that the values achieved were appropriate; and
- Having regard to the uncertainty of value that could be achieved through the sale of the Company's assets to a third party, due to the extent of Victoria's Secret branding and IP across the majority of stock and fixtures and fittings, we are satisfied that the sales represented the best outcome for the estate.

Connected party transactions

Purchaser	Connection	Date	Price (£)	Transaction
Intimate Apparel Retail UK Limited	Common directors	18/10/2020	TBC	Certain business assets of Victoria's Secret UK Limited were transferred to Intimate Apparel Retail UK as part of the Hivedown agreement.
VS Brands Holdings UK Limited	Common directors / JV between Next Plc (unconnected) and L Brands Inc	18/10/2020	1	Victoria's Secret UK Limited sold the shares of Intimate Apparel Retail UK Limited to VS Brands Holdings UK Limited

Remuneration and expenses

Remuneration and expenses

Joint Administrators' remuneration.

Joint Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.ips-docs.com .

Should you require a paper copy, please send your request in writing to us at the address on the cover page and this will be provided to you at no cost.

Basis of remuneration

The basis of our remuneration was fixed on 14 August 2020 by the creditors by reference to the time properly given by the Joint Administrators and their staff plus VAT thereon.

Fees drawn to date

Time Costs

No fees have been drawn to date.

Time costs - analysis of actual against budget

Please refer to page 20 where we have updated the Fees Estimate to provide details of our actual time costs for the period of the report and also summarised here:

Our total time costs to 4 December 2020 are £2,405.704 made up of 3,373 hours at a blended charge out rate of per hour £713 across all grades of staff.

Time costs within budget - excess fee unlikely

Our time costs to 4 December 2020 are broadly in line with expectations and we do not anticipate that we will seek to draw a fee greater than £3.5m as provided in our Fees Estimate.

Our actual time costs have exceeded budget for certain time cost categories, for the reasons set out below:

- Higher than expected trading costs due to a longer than expected trading period, higher than expected trading activity, the need to manage suppliers, and support wider group reporting requirements.
- Additional cashiering tasks have been carried out to support the higher than expected trading activity.
- Higher than expected VAT time costs driven by complex VAT matters including import VAT.

Fees Estimate and Joint Administrators' time costs for the period of the report All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Activity		Anticipated Time and Costs per Fees Estimate			Actual Time and Costs for Report Period		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)
Administrative activities	Cashiering	408.2	384	156,943	745.4	207	154,654
	Case supervision	124.4	669	83,260	157.2	730	114,794
	Case reviews	15.6	495	7,722	-	-	-
	Case closure matters	60.0	643	38,600	-	-	-
Statutory & compliance	Compliance & IPS diary	57.6	616	35,505	31.5	417	13,144
	Insurance	17.3	773	13,343	0.9	815	734
	General reporting	107.5	553	59,448	28.1	716	20,106
	Regulatory & other legislation	11.6	537	6,231	9.3	815	7,580
Initial actions	Appointment matters	8.8	959	8,391	12.5	653	8,168
	Notifications	18.4	632	11,630	14.6	394	5,758
Investigations	CDDA reporting	85.7	585	50,127	65.1	175	11,404
	Investigations	66.4	834	55,303	3.8	802	3,048
Total of above categories		**981.4**	**537**	**526,502**	**1,068.4**	**318**	**339,386**
Taxation	Tax	117.2	728	85,369	88.0	1,167	102,714
	VAT	99.5	996	99,150	183.5	986	180,877
Asset realisations	Book debts	32.0	808	25,845	7.8	815	6,357
	Chattel assets	98.0	889	87,080	-	-	-
	Other assets	105.0	880	92,400	25.6	680	17,399
	Property	398.5	954	380,035	246.0	989	243,152
	Retention of title	35.0	697	24,400	0.6	380	228
	Sale of business	679.0	940	638,300	586.4	930	545,319
Trading	Day 1 control of trading	133.0	842	111,975	106.0	839	88,910
	Ongoing trading	535.0	824	440,575	510.5	839	428,515
	Monitoring trading	330.0	854	281,850	313.1	820	256,749
	Closure of trade	160.0	887	141,850	15.7	796	12,491
Employees	Consultation	40.0	727	29,078	-	-	-
	Correspondence	180.0	705	126,900	205.0	861	176,515
	Pensions	30.0	733	21,975	-	-	-
Correspondence	Creditors	307.2	666	204,604	16.8	422	7,092
	Shareholders	0.1	650	65	-	-	-
	Customers	22.0	420	9,230	-	-	-
	Press & media queries	12.6	998	12,579	-	-	-
Distributions	Preferential creditors	82.0	675	55,375	-	-	-
	Unsecured creditors	151.4	547	82,868	-	-	-
		4,528.8	**768**	**3,478,004**	**3,373.3**	**713**	**2,405,704**

Remuneration and expenses
Detailed information

Category 1 Disbursements

These are payments made by us direct to third parties and for which no approval is required.

Category 2 Disbursements

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs.

Joint Administrators' Disbursements

Details of all disbursements are given below and from which it can be seen that we have not recovered our disbursements in full.

Category 2 Disbursements

Specific approval is required before these costs and expenses can to be drawn from the administration estate and was given by the creditors on 14 August 2020.

Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred.

Category 1 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Postage/Couriers	3,201	1,397	-	1,397
Specific Penalty Bond	230	230	-	230
Subsistence	-	203	-	203
Total disbursements	**3,431**	**1,830**	**-**	**1,830**

Creditors' right to request information

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 of the Rules.

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 18.34 of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 18.34(3) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

Deloitte.