

LIQ14

Notice of final account prior to dissolution in CVL



Companies House

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

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 Liquidator's name

Full forename(s) Robert James

Surname Harding

3 Liquidator's address

Building name/number 60 St Martin's Lane

Street London

Post town WC2N 4JS

County/Region

Postcode

Country

4 Liquidator's name ❶

Full forename(s) Daniel Francis

Surname Butters

❶ Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ❷

Building name/number 60 St Martin's Lane

Street London

Post town WC2N 4JS

County/Region

Postcode

Country

❷ Other liquidator

Use this section to tell us about
another liquidator.

LIQ14

Notice of final account prior to dissolution in CVL

6 Liquidator's release

☐ Tick if one or more creditors objected to liquidator's release.

:

7 Final account

☒ I attach a copy of the final account.

8 Sign and date

Liquidator's signature

Signature

X



X

Signature date

^d1

^d8

^m0

^m8

^y2

^y0

^y2

^y2

LIQ14

Notice of final account prior to dissolution in CVL



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	Wendy Packwood
Company name	Teneo Financial Advisory Ltd
Address	156 Great Charles Street Queensway
Post town	Birmingham
County/Region	
Postcode	B 3 3 H N
Country	
DX	
Telephone	+44 121 619 0120



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

Victoria's Secret UK Limited (in administration) ("the Company")






Final progress report to creditors pursuant to rules 18.6 and 3.53 of the Insolvency (England & Wales) Rules 2016 ("the Rules").

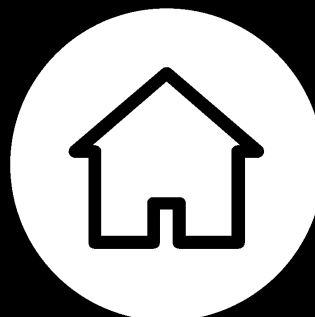
2 July 2021

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 Teneo Restructuring Limited ("Teneo") 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.

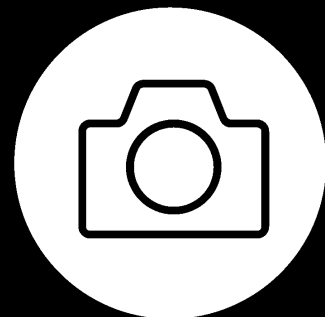
Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

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Key messages



Key messages

Joint Administrators of the Company

Robert James Harding
Daniel Francis Butters
Teneo
156 Great Charles Street
Queensway
Birmingham
B3 3HN

Contact details

Email:
Wendy.Packwood@teneo.com
www.ips-docs.com
Tel: 0121 619 0150



Purpose of administration
Important Notice re Administrators' Contact Details
Achievement of the Joint Administrators' Proposals
Costs

- The purpose of the Administration was to achieve a better result for the Company's creditors as a whole than a liquidation.
- The Joint Administrators will achieve the purpose of the Administration through anticipated repayment in full of all creditors in the subsequent liquidation.
- On 29 May 2021 the UK Restructuring Practice of Deloitte LLP was sold to Teneo Restructuring Limited (the "Transaction"). The majority of live insolvency appointments, including these administration appointments were transferred to Teneo Restructuring Limited ("Teneo") with their respective officeholders and case teams, as part of the Transaction. Please also note that our new Teneo contact details are provided on the left hand column of this page.
- As detailed in our proposals, all of the Company's stores were closed on appointment following the enforced closure of non-essential retail stores as a result of Covid-19 restrictions.
- The business was traded for c.4 months once government restrictions were lifted, stores were made Covid-19 secure and initial periods of rent free occupation were agreed with Landlords. We anticipate that once outstanding trading costs have been settled there will be a trading surplus of c.£3m. See page 11 for further detail.
- Trading ceased on 18 October 2020, when certain of the Company's business assets were hived down (for consideration of £2m in respect of business assets, stock, chattels and business leases) and sold via a share sale to VS Brands Holdings UK Limited ("the Purchaser"), ("the Transaction"). Please see page 7 for further details.
- The Purchaser was granted a licence to occupy and funds totalling £0.3m have been received.
- Cash at bank totalling £11m has been received during the Administration.
- Prepayment monies totalling £2.7m have been realised largely relating to recovery of rent deposits and rates refunds.
- Refunds totalling £0.9m have been realised in respect of VAT, insurance, tax and commission refunds.
- Prepare for and make distributions to preferential and unsecured creditors.
- Our fee basis was fixed on a time costs basis.
- We have incurred total time costs of £3,077,927. We have not drawn any fees. Please see pages 16 and 17 for further details.
- Disbursements of £648.51 have been incurred in the report period bringing total disbursements to £2,479. Please refer to page 18 for further details.
- Third party costs of £75k have been incurred in the report period bringing total third party costs to £1,158k. Please refer to page 9 for further details.

Key messages

Joint Administrators
of the Company

Robert James Harding
Daniel Francis Butters
Teneo
156 Great Charles Street
Queensway
Birmingham
B3 3HN

Outcome for Creditors
Extension to and end of the administration period

- The Company has no secured creditors.
- Preferential creditors - we anticipate that sufficient funds will become available to enable payment in full of preferential claims in respect of unpaid pension contributions.
- Unsecured creditors – we currently anticipate there will be a distribution in full (subject to final tax clearance) for unsecured creditors which we anticipate making within the next 12 months.
- The period of the Administration was not extended. The Company will now move to Creditors' Voluntary Liquidation ("CVL").

Contact details

Email:
Wendy.Packwood@teneo.com

www.ips-docs.com

Tel: 0121 619 0150





Summary Proposals

Steps taken	6
Costs	10



Summary of the Joint Administrators' Proposals

The Joint Administrators' Proposals

Our Proposals for the Administration include:

1. Approval of our Proposals;
2. Whether a creditors' committee should be established;
3. Approval that the basis of the Joint Administrators' remuneration shall be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration, plus VAT.
4. Approval that the Joint Administrators' category 1 disbursements and expenses and category 2 disbursements in respect of mileage (as detailed at Appendix D1) be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the Administration estate.
4. Approval that the Joint Administrators' pre administration costs of £61,008 plus VAT and unpaid pre administration legal fees of £79,647.14 plus disbursements of £1,581.14, both plus VAT, as detailed on page 21 of the Joint Administrators' Proposals be approved and that the Joint Administrators be authorised to draw their pre-administration fees and expenses and pay the costs of, plus VAT, from the Administration estate.
5. Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Companies.

Specific approval from the unsecured creditors was sought to fix the basis of and the ability to draw our remuneration and expenses, including pre Administration costs and expenses, and to agree the time of our discharge on conclusion of the Administration. Please refer to page 16 for details.



Summary Proposals

Steps Taken

The Joint Administrators' Proposals cont.

Our Proposals were approved by the creditors of the Company on 14 August 2020.

Extensions to the administration

It was not necessary to extend the period of the Administration.

Steps taken during the administration

Statutory tasks

During the period of our appointment 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 and previous progress report;
- Appointment notifications, including notifying the relevant parties of the appointment;
- Confidential report to the Insolvency Service on the directors' conduct;
- Correspondence with creditors;
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts;
- Interaction with HM Revenue & Customs in respect of VAT and Corporation Tax matters; and
- Closing preparation in relation to move to CVL.

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

Trading

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 2020 following the transfer of the Company's business assets to Hive Co. 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 estimate the trading profit to be c.£3m.

A detailed trading account is provided on page 11.



Summary Proposals

Steps Taken

The Joint Administrators' Proposals cont.

Sale of business and realisation of 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.

The Company's assets were transferred to the Hive Co for consideration of £2m - greater value than would have been achieved in a liquidation of the Company's assets.

Shortly following the Hivedown of the Company's assets, the shares of the Hive Co were sold for £1 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").

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 the period of occupation, we, the Joint Administrators, continued to pay, as an expense of the Administration, any property costs due under the respective leases. The costs have been recharged to the Hive Co where lease assignments do not have an effective date of the 18 October 2020.

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

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.

Cash at bank

Cash at bank of £11m has been swept from the Company bank accounts into the Administration accounts.

Refunds

Refunds totalling £874k were realised in respect of VAT, insurance, tax and commission refunds. We have also received refunded prepayment monies of £2.7m largely relating to recovery of rent deposits and rates refunds.

Funds received in error

Funds have been received of £183k in error largely relating to receipts relating to sales post completion, which have been reconciled and transferred to the Purchaser.



Summary Proposals

Steps Taken

The Joint Administrators' Proposals cont.

Creditors' Decision Procedures

A decision procedure was held 14 August 2020 seeking approval from unsecured creditors in relation to remuneration, disbursements, pre-Administration costs and expenses and the Joint Administrators discharge from liability.

No creditors' committee was formed.

Distributions to creditors

A dividend will be available to unsecured creditors in the subsequent liquidation once all outstanding matters have been resolved. Claims are currently being adjudicated.

Unrealised assets / loans receivable

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

The Joint Administrators have continued to collect interest in respect of these loans in line with contractual entitlements during the Administration.

The strategy for recovering these formal debt facilities will be dependent on the conclusion of the net realisations of assets in the Administration and the level of creditor claims received in the Administration.

We have filed the necessary forms at Companies House in order to facilitate a conversion to Creditors' Voluntary Liquidation. Further updates will be made from the liquidation.



Summary Proposals Costs

Cost of the work done

We have summarised below details of costs and expenses incurred during the report period and for the period of our appointment.

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). To date their costs have amounted to £1,019k (plus VAT) in connection with 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 of the Company's properties.
- 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).
- We have instructed Brodies LLP ("Brodies"), a firm of lawyers with the appropriate expertise and experience in dealing Scottish Real Estate matters to include the assignment of leases. To date their costs have amounted to £28k.

Agent 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 of the Administration; 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 of the Administration.
- Our remuneration and expenses. Further information on these costs are provided on page 16.

All costs have been paid, as shown in the receipts and payments account on page 10.

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



Summary Proposals

Joint Administrators' receipts and payments account 05 June 2020 to 21 May 2021				
£	SoA values	Notes	Period	To date
Receipts				
Trading Surplus/(deficit)	423,119	5	(8,158,857)	3,270,290
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	-	-	7,233	7,668
Loan Interest	-	-	155,104	160,657
Shares of Hiveco	-	-	-	1
VAT Refund	7,461,454	-	785,135	845,934
Cash at Bank	11,866,989	-	395,594	10,964,606
Prepayments Refund	929,704	7	1,728,755	2,690,242
Bank Interest Gross	-	1	871	2,183
Funds Received in Error	-	4	75,308	182,567
Hivedown Consideration - Business Assets	-	8	1	1
Hivedown Consideration - Loose Chattels	-	8	204,033	204,033
Hivedown Consideration - Business Stock	-	8	1,786,292	1,786,292
Hivedown Consideration - Business Leases	-	8	50,000	50,000
Pre Appointment Compensation	-	-	40	40
Land and Buildings Transaction Tax Refund	-	-	4,380	4,380
Licence to Occupy - New Bond Street	-	-	311,628	311,628
Miscellaneous receipts	-	-	1,531	1,531
Commission Rebate	-	-	15,526	15,526
Total receipts	41,477,373		(2,637,427)	20,517,508
Payments				
Data Room charges	-	-	1,545	6,180
Rates Refund Charges	-	-	81,092	152,612
Payment of Funds Received in Error	-	4	177,015	182,567
Pre Appointment Legal Fees	-	-	-	79,647
Pre Appointment Legal Disbursements	-	-	-	1,581
Agents/Valuers Fees	-	-	-	32,000
Legal Fees	-	-	74,554	1,125,363
Legal Expenses	-	-	-	71
Statutory Advertising	-	-	-	95
Bank Charges	-	-	459	4,231
Storage Costs	-	-	1,130	1,130
Insurance of Assets	-	-	80,636	80,636
Total payments			416,430	1,666,113
Balance				18,851,394
Made up of:				
VAT Receivable / (Payable)	-	3	-	33,534
Interest Bearing Bank Account	-	1	-	14,391,816
Pre- Appointment Bank Account	-	6	-	4,470,438
Trade Creditors	-	2	-	(44,393)
Balance in hand				18,851,394

A receipts and payments account together with a separate trading account is provided on the next page, detailing the transactions in the final period of the Administration since our last report on 4 December 2020, and also summarising the transactions for the entire period of the Administration.

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 have been reconciled and transferred to the Purchaser.

Note 5

A trading account is provided on page 11. Please note this is not the final trading outcome as final 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.

Note 7

Largely relates to recovery of rent deposits and rates refunds.

Note 8

Consideration received in respect of the Hive down of the Company's assets. Please see page 7 for further detail.

Rounding note

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



Summary Proposals

Joint Administrators' trading account 05 June 2020 to 21 May 2021

£	SoA values	Period	To date
Receipts			
Sales		120,212	20,010,686
HMRC Covid-19 Receivable	423,119	122,655	2,482,379
Total receipts	423,119	242,867	22,493,065
Payments			
Tax Free Invoices		-	7,595
Customer Refunds / Goodwill		50	1,307
Direct Labour		-	6,945,432
Direct Expenses	9,085		12,791
Other Employee Related Costs	1,914		4,524
Rents	377,045		844,632
Other Property Costs		-	469
Utilities	12,331		698,792
Service Charge	382,437		636,351
IT Expenses	53,861		108,002
Distribution and Logistics	68,102		106,303
Insurance	29,234		38,974
Bank Charges	867		14,482
Lease/HP Payments		-	8,770
Inventory Cost	4,921		94,941
Repairs & Maintenance		638	218,979
Merchant Services Fees	36,738		98,289
Cleaning	13,220		264,957
Marketing / Advertising	1,923		252,071
Customs Duty		-	358,867
Health and safety		250	40,953
Cash Collection Services	14,822		36,717
Ransom Creditors		(40,239)	814,028
Business Continuity Payments		-	45,065
Security		-	46,521
Payroll Preparation	8,745		77,440
Customs Deferment Account Charges	7,968		23,783
Stationery	3,926		3,926
Trading Stock	3,491,055		3,494,981
Group Overheads	2,020,943		2,020,943
Royalty		1,901,889	1,901,889
Total payments	8,401,724		19,222,774
Trading surplus/(deficit)	-8,158,857		3,270,290

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 of c.£3m.

Note 1 – The trading account does not provide the final trading outcome. The Joint Administrators expect a small number of outstanding trading invoices to be received and subsequently paid.

Note 2 – Overheads incurred and paid to Group entities during the trading period 5 June 2021 to 18 October 2020 including finance function, marketing, distribution and logistics.

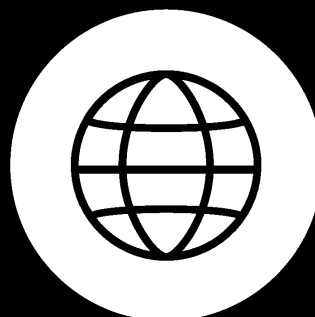
Note 3 – Royalty payment to owner of IP to enable the Joint Administrators to trade under VS brand during the Administration trading period.





Information for creditors

Outcome for creditors	14
Transactions with Connected Parties	15



Information for creditors

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 our initial expectations as all employees transferred to the Hive Co under TUPE. We expect sufficient funds for 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

We anticipate a dividend will be available to unsecured creditors in the subsequent liquidation, once all outstanding matters have been finalised any tax liabilities settled with HRMC.

Unsecured claims are being adjudicated.

End of the administration

The Administration will end when the appropriate Notice has been registered at Companies House, following which the Company will move into Creditors' Voluntary Liquidation to enable the payment of a dividend to unsecured creditors.



Information for
creditors
Transactions with
Connected Parties

Transactions with connected parties

In accordance with the guidance given in SIP13, details of the Company's known transactions with connected parties during the period of this report and the two years prior to our appointment are provided below.

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 7 for further detail in relation to the sale of the Company's assets.

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.

We have reviewed these transactions and are of the opinion that these do not give rise to any potential claims by the Company for the benefit of the estate.

Connected party transactions

Purchaser	Connection	Date	Price (£)	Transaction
Intimate Apparel Retail UK Limited	Common directors	18/10/2020	2,040,325	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 (connected)	18/10/2020	1	Victoria's Secret UK Limited sold the shares of Intimate Apparel Retail UK Limited to VS Brands Holdings UK Limited

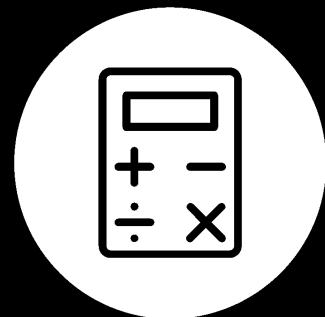




Remuneration and expenses

Joint Administrators' remuneration

17



Remuneration and expenses
Joint Administrators' remuneration

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 page 1 of this report 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.

Time costs incurred

Our time costs for the period are £672,222 made up of 863.4 of hours at an average charge out rate of £779 per hour across all grades of staff.

Since the date of our appointment to 21 May 2021, we have incurred total time costs of £3,077,927 made up of 4,236.7 of hours at an average charge out rate of £726 per hour across all grades of staff.

Details of the time costs incurred is provided on the following page 17. Time is charged in six minute increments. Creditors may request a detailed breakdown of the time costs incurred by writing to the address at the front of this report.

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 costs associated with administrative activities due to a higher than expected volume of financial transactions and overall case supervision.
- Additional cashiering tasks have been carried out to support the higher than expected trading activity.

- Higher than expected tax and VAT time costs driven by complex VAT matters including import VAT and tax considerations relating to the sale of business.
- Higher than expected property costs due to costs associated with landlord negotiations, ongoing correspondence and lease assignments / surrenders for the 25 leasehold retail stores, distribution centre and head office.

Fees drawn to date

No funds have been drawn to date in respect of our time costs as shown in the receipts and payments account on page 10.



Fees Estimate and Joint Administrators' time costs for the period 5 June 2020 to 21 May 2021

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			Actual Time and Costs since Appointment		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)	Hours incurred to date	Avg Rate £/h	Total time costs incurred to date (£)
Administrative activities	Cashiering	408.2	384	156,943	140.1	219	30,652	885.5	209	185,305
	Case supervision	124.4	669	83,260	170.2	852	144,967	327.4	794	259,761
	Case reviews	15.6	495	7,722	1.4	459	643	1.4	459	643
	Case closure matters	60.0	643	38,600	2.0	526	1,053	0.4	650	260
Statutory & compliance	Compliance & IPS diary	57.6	616	35,505	17.2	407	6,995	48.7	414	20,139
	Insurance	17.3	773	13,343	0.8	650	520	1.7	737	1,254
	General reporting	107.5	553	59,448	40.9	720	29,442	69.0	718	49,548
	Regulatory & other legislation	11.6	537	6,231	-	-	-	9.3	815	7,580
Initial actions	Appointment matters	8.8	959	8,391	-	-	-	13.3	653	8,688
	Notifications	18.4	632	11,630	-	-	-	15.4	392	6,030
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	372.6	575	214,270	1,440.9	-	553,656
Taxation	Tax	117.2	728	85,369	14.2	933	13,242	102.2	1,134	115,956
	VAT	99.5	996	99,150	45.9	889	40,838	229.4	966	221,716
Asset realisations	Book debts	32.0	808	25,845	11.4	815	9,291	19.2	815	15,648
	Chattel assets	98.0	889	87,080	-	-	-	-	-	-
	Other assets	105.0	880	92,400	3.4	674	2,293	29.0	679	19,692
	Property	398.5	954	380,035	262.5	1,025	269,063	508.5	1,007	512,215
	Retention of title	35.0	697	24,400	-	-	-	0.6	380	228
	Sale of business	679.0	940	638,300	7.2	815	5,868	593.6	929	551,187
Trading	Day 1 control of trading	133.0	842	111,975	0.5	815	408	106.5	839	89,318
	Ongoing trading	535.0	824	440,575	39.4	817	32,196	549.9	838	460,711
	Monitoring trading	330.0	854	281,850	4.7	815	3,831	317.8	820	260,590
	Closure of trade	160.0	887	141,850	73.9	815	60,229	89.6	812	72,720
Employees	Consultation	40.0	727	29,078	-	-	-	-	-	-
	Correspondence	180.0	705	126,900	18.0	900	16,200	223.0	864	192,715
	Pensions	30.0	733	21,975	-	-	-	-	-	-
Correspondence	Creditors	307.2	666	204,604	6.7	380	2,546	23.5	410	9,638
	Shareholders	0.1	650	65	-	-	-	-	-	-
	Customers	22.0	420	9,230	-	-	-	-	-	-
Distributions	Press & media queries	12.6	998	12,579	-	-	-	-	-	-
	Preferential creditors	82.0	675	55,375	-	-	-	-	-	-
	Unsecured creditors	151.4	547	82,868	3.0	650	1,950	3.0	650	1,950
		4,528.8	768	3,478,004	863.4	779	672,222	4,236.7	726	3,077,927



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.

Disbursements

Our disbursements are in line with estimates provided in the Proposals and are summarised below:

Category 1 disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Incurred in Total	Paid	Unpaid
Postage/Couriers	3,201	-	1,397	-	1,397
Specific Penalty Bond	230	-	230	-	230
Subsistence	-	649	852	-	852
Total disbursements	3,431	649	2,479	-	2,479

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.

No disbursements have been recovered to date.

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.





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Teneo Restructuring Limited is registered in England & Wales with registered number 13192958 and its registered office at 5th Floor, 6 More London Place London, SE1 2DA, United Kingdom