

The Insolvency Act 1986

Administrator's progress report

Name of Company

DTZ Holdings plc (in Administration)

Company number

02088415

In the

High Court of Justice Chancery Division Companies Court

[full name of court]

Court case number

10632/2011

(a) Insert full name(s)
and address(es) of
administrator(s)I / We (a) Alan Michael Hudson and Benjamin Thom CairnsErnst & Young LLP, C/o Ernst & Young LLP, 1 More London Place, London SE1 2AF

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date

(b) 4 December 2011(b) 3 June 2012

Signed



Joint / Administrator(s)

Dated

28 June 2012

WEDNESDAY



R1CG64VL

RM

04/07/2012

#55

COMPANIES HOUSE

**The Insolvency Act 1986
Administration Proof of Debt (Rule 2.72)**

Convocatoria para la presentación de créditos Plazos aplicables
Vyzva k přihlášení pohledávky Závazné lhůty
Opfordring til anmeldelse af fordringer Vær opmærksom på fristerne
Aufforderung zur Anmeldung einer Forderung Etwaige Fristen beachten!
Nõude esitamise kutse Järgitavad tähtajad
Πρόσκληση για αναγγελία απαιτήσεως Προσοχή στις προθεσμίες
Invitation to lodge a claim Time limits to be observed
Invitation à produire une créance Délais à respecter
Invito all'insinuazione di un credito Termine da osservare
Uzaicinājums iesniegt prasījumu Termiņi, kas jāievēro
Kvietimas pateikti reikalavimą Privalomieji terminai
Felhívás követelés bejelentésére Betartandó határidők
Stedina għal preżentazzjoni ta' talba Limiti taż-żmien li għandhom jiġu osservati
Oproep tot indiening van schuldvorderingen In acht te nemen termijnen
Wezwanie do zgłoszenia wierzytelności Przestrzegać terminów
Aviso de reclamação de créditos Prazos legais a observar
Vyzva na prihlásenie pohľadávky Je potrebné dodržať stanovené termíny
Poziv k prijavi terjatve Roki, ki jih je treba upoštevati
Kehotus saatavan ilmoittamiseen Noudatettavat määräajat
Anmodan att anmäla fordran Tidsfrister att iaktta

DTZ Holdings plc (in Administration)

Date of Administration 4 December 2011

Please refer to the notes at the end of this form

Name of Creditor

Address

Total amount of claim as at 4 December 2011

Less any payments made to you after 4 December 2011 in respect of the claim

Less any adjustments for set off in accordance with Rule 2.85

Net claim after deductions

Amount of any outstanding uncapitalised interest included in claim

Amount of any VAT included in claim

Is the whole or any part of your claim preferential, within the meaning of section 386, schedule 6, of the Insolvency Act 1986? If so, into which category of debt does it fall?

Continued on next page

TO ALL KNOWN CREDITORS

28 June 2012

Ref AH/JOC/RC/LO5452/D16.1
Direct line +44 (0) 20 7951 7495
e-mail dtzholdingsplc@uk.ey.com
Renuka Cheema

Dear Sirs

DTZ Holdings plc (in Administration) (the "Company")

High Court of Justice, Chancery Division Companies Court, Number 10632/2011

Registered office address: C/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF

Registered number: 02088415

I write, in accordance with Rule 2.47 of the Insolvency Rules 1986, to provide creditors with a report on the progress of the Administration. This report covers the period from 4 December 2011 to 3 June 2012 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 23 December 2011 (the "Proposals"). Any capitalised terms, unless defined, shall have the meaning ascribed to them in the Proposals.

The Company entered Administration on 4 December 2011 and Alan Michael Hudson and Benjamin Thom Cairns, of Ernst & Young LLP, 1 More London Place, London, SE1 2AF, were appointed to act as Joint Administrators. The appointment was made by High Court of Justice, Chancery Division Companies Court under the provisions of paragraph 13 to Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators may be carried out by anyone of them.

Summary of Progress

As detailed in the Proposals, the business and assets of the Company were sold in a pre-agreed sale to UGEL Limited, the Purchaser, on 4 December 2011.

Asset realisations

All significant assets of the Company were realised in the pre-agreed sale. As reported in the Proposals, total realisations are a maximum of £94.4 million, of which £13.3 million is held in an escrow account for up to three years from 4 December 2011 which will be used to settle two potential liabilities of the subsidiary companies as agreed within the sale of business contract with the Purchaser. In the event that the liabilities do not crystallise or the full amount is not utilised, the surplus will be realised and then will be distributed to the secured creditor. The Proposals provides the background to the escrow monies.



INVESTOR IN PEOPLE

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available on inspection at 1 More London Place, London SE1 2AF, the firm's principal place of business and registered office.

Post sale of business obligations

As part of the sale of business, there were certain post completion obligations documented in the sale of business contract that the Joint Administrators have progressed with the Purchaser during the period of this progress report. These include:

- ▶ Review and sign the Novation Deeds to transfer certain Company contracts to the Purchaser,
- ▶ Liaising with and holding meetings with the Purchaser and their advisers to review Company trademark schedules and transfer documents to formally transfer ownership of these trademarks, and
- ▶ Responding to insurance related enquiries from third parties and liaising with the Purchaser to deal with these

Conduct of directors

The Joint Administrators have a statutory duty to report on the conduct of the directors of the Company to the department of Business Innovation and Skills ("BIS") and this confidential report has been filed. This is part of the Joint Administrators' usual investigation procedures and does not imply any criticism of the directors.

Former employee claims

We previously reported that there were claims from former employees which required further evaluation.

The first claim was listed in the Statement of Affairs as a preferential claim for arrears of wages to a former employee. However, on investigation the claim is a contractual claim for pay in lieu of wages which is unsecured and will be agreed in the Liquidation.

The second claim is a compensation claim from a former employee. The claim was made pre appointment and was scheduled to be heard at an Employment Tribunal. As a result of the Administration the hearing was stayed to allow time to evaluate the claim and determine the next steps.

Given that the events leading to the claim occurred before the Administration, the Joint Administrators or future Liquidator are not in a position to determine the claim. Therefore we have agreed to lift the stay on the hearing to let the Employment Tribunal determine whether the former employee has a valid claim and if so at what quantum. In order to keep our costs to a minimum, the Joint Administrators will not be attending the hearing and the outcome will be dealt with in the Liquidation.

Reporting obligations and statutory reporting requirements

The Joint Administrators have undertaken a number of reporting obligations including:

- ▶ Issuing the Proposals to all known creditors,
- ▶ Submitting the conduct report to BIS,
- ▶ Submitting statutory filings to Companies House,
- ▶ Understanding and preparing a number of the Company's UK tax returns. Post appointment returns are in the process of being finalised and will be submitted shortly,

- ▶ Understanding the tax implications of a change of control following the sale of the Company's Chinese subsidiary and filing returns with the tax authorities, and
- ▶ Filing statutory change of control notices following the sale of the Company's Japanese subsidiary

Creditors

- ▶ Corresponding with secured and unsecured creditors including explaining the status of their claims and their position if they are continuing to provide services to the Purchaser, and
- ▶ Shareholders – following the disablement of CREST, we have received a number of calls and e-mails from shareholder nominees requesting updates and confirmation of any return on their investments. Even though there is no prospect of any return to the shareholders, we have to respond to their enquiries

Remaining Assets

As reported above, all significant assets have been realised

Receipts and Payments Account

A receipts and payments account for the period from 4 December 2011 to 3 June 2012 is attached at Appendix 1. This does not reflect any estimated future realisations or costs

Joint Administrators' Remuneration and Expenses

The Administrators' remuneration was fixed on a time-cost basis by the secured creditor on 23 January 2012

During the period 4 December 2011 to 3 June 2012, the Joint Administrators incurred time costs of £363,595. Of this sum remuneration of £281,315 has been billed and paid

An analysis of the time spent and summary of work carried in the period is attached as Appendix 2 to this report. At Appendix 3 there is a statement of the Administrators' policy in relation to charging time and disbursements. In certain circumstances, creditors are entitled to request further information regarding the Administrators' remuneration or expenses, or to apply to court on the grounds that the costs are considered to be excessive (Rules 2.48A and 2.109 of the Insolvency Rules 1986). Further information on these rights is provided in Appendix 4

Expenses

During the period covered by this report, the Administrators have incurred expenses totalling £29,004 plus VAT which are analysed in Appendix 2

Pre-Administration costs

The Proposals included a statement of pre-Administration costs and expenses which totalled £181,702 plus VAT and were outstanding at the date the Company entered Administration to both Ernst & Young LLP and Linklaters LLP. On 23 January 2012, these outstanding costs were approved by the secured creditor and have now been paid. These costs are disclosed in the Receipts and Payments at Appendix 1 under pre Administration costs of £132,247, expenses of £362 and legal costs of £49,093

Secured creditor

On appointment the Company's indebtedness to the secured creditor was £109.8 million. At the time of the Proposals we made a distribution of £78.5 million and have made a further distribution of £0.1 million bringing the total distribution to £78.6 million under its floating charge. The final outcome for the secured creditor is dependent on the outcome of the escrow monies and finalising Administration costs. In the meantime, interest continues to accrue on the outstanding debt.

Preferential creditors

There are no preferential creditors.

Unsecured creditors

It is currently estimated that unsecured creditor claims are in the region of £20 million of which the largest claim is from SGP at £17.6 million. As previously reported these claims will be agreed in the Liquidation.

In anticipation of the move to Liquidation, we enclose a proof of debt form for the attention of the unsecured creditors to complete and return to the Joint Administrators. Please mark your correspondence for the attention of DTZ Holdings plc in Administration, C/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF, marked for the attention of Renuka Cheema. The proof of debts will be passed to the Liquidators to agree when the Company moves from Administration to Liquidation which is explained below.

The Prescribed part

As previously reported, the prescribed part is a portion of floating charge assets set aside for unsecured creditors pursuant to section 176A to the Insolvency Act 1986. The value of the prescribed part will be the statutory maximum of £600,000 before the costs of dealing with the prescribed part.

Distributions to unsecured creditors

No distributions have been made to the unsecured creditors.

Shareholders

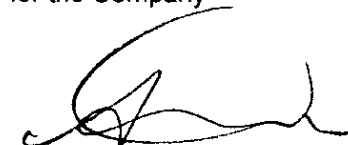
Pursuant to the Insolvency Act 1986 creditor claims rank in priority to all shareholder claims. In the circumstances of this Company, there is a significant shortfall of more than £35 million to the creditors and therefore there is no prospect of any return to Company shareholders.

Ending the Administration and move to Liquidation

The final tasks in Administration are to file and agree the final corporation tax returns and then the Joint Administrators intend to move the Company to Liquidation. The Joint Administrators will then apply to court to obtain discharge from liabilities in the Administration.

We will report to you again at the conclusion of the Administration when the Company moves to Liquidation

Yours faithfully
for the Company



A M Hudson
Joint Administrator

Enc Appendix 1 Joint Administrators' Receipts and Payments Account
 Appendix 2 Summary of Joint Administrators' Time-Costs and Disbursements
 Appendix 3 Joint Administrators' Policy on Fees and Disbursements
 Appendix 4 Creditors' request for further information
 Proof of debt form for unsecured creditors and pre-paid return envelope
 Form 2 24B Administrator's progress report

Alan Michael Hudson is licensed in the United Kingdom to act as an insolvency practitioner by The Association of Chartered Certified Accountants and Benjamin Thom Cairns is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants in England and Wales

The affairs, business and property of the Company are being managed by the Joint Administrators, A M Hudson and B T Cairns, who act as agents of the Company only and without personal liability

We may collect, use, transfer, store or otherwise process (collectively, "Process") information that can be linked to specific individuals ("Personal Data") We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998

Appendix 1

DTZ Holdings plc (in Administration)

Joint Administrators' Abstract of Receipts and Payments from 4 December 2011 to
3 June 2012

<i>Statement of Affairs Estimated to Realise Values</i>	To 20/12/2011	Period 21/12/2011 to 3/06/2012	Cumulative Total
£ Receipts	£	£	£
Fixed charge realisations			
1 Trademarks	1	-	1
13,300,008 Shareholdings	9	-	9
- Bank interest	-	9	9
13,300,009 Total fixed charge receipts	10	9	19
Floating charge realisations			
81,099,991 Intercompany debts settled	81,099,990	-	81,099,990
Sundry receipt	-	64	64
- Bank interest	667	7,175	7,842
Total floating charge receipts	81,100,657	7,239	81,107,896
Total receipts	81,100,667	7,248	81,107,915
Payments			
Pre appointment Administrators' fees	-	132,247	132,247
Pre appointment Administrators' expenses	-	362	362
Pre appointment Legal fees	-	49,093	49,093
Post appointment Administrators' fees	-	281,315	281,315
Post appointment Administrators' expenses	-	2,118	2,118
Post appointment Legal fees	-	55,671	55,671
Insurance	-	106	106
Sundry payments	-	326	326
Bank charges	-	31	31
Input VAT	-	35,676	35,676
Distributions to secured creditor	78,500,000	100,000	78,600,000
Total payments	78,500,000	656,945	79,156,945
Balance at bank	2,600,667	(649,697)	1,950,970

Notes

1 Receipts and payments are stated net of VAT

Appendix 2

DTZ Holdings plc (in Administration)

Summary of Joint Administrators' Time-Costs and Disbursements

Time analysis for period of this report - 17 December 2011 to 3 June 2012

Activity	Partner/ Director	Manager	Other Senior Professionals	Assistants & Support	Total hours this reporting period	Time Costs for period	
						Average Hourly Rate £	17/12/2011 to 3/6/2012
Accounting and Administration	3.7	34.8	53.0	26.4	117.9	301.61	35,559.50
Bank & Statutory Reporting	12.7	35.3	38.2	8.0	94.2	360.88	33,995.00
Creditors	6.2	10.4	3.0	1.0	20.6	456.36	9,401.00
Debtors	1.0				1.0	770.00	770.00
Employee Matters		13.0		0.2	13.2	470.30	6,208.00
Investigation/CDDA	6.9	19.0	34.0	10.0	69.9	327.00	22,857.00
Job Acceptance & Strategy		0.5			0.5	400.00	200.00
Legal Issues	0.3	1.8			2.1	432.86	909.00
Members	2.0	22.2	19.0	15.5	58.7	308.69	18,120.00
Other Assets	8.2	18.1	2.5	1.3	30.1	470.28	14,155.50
Other Matters		0.3			0.3	400.00	120.00
Public Relations Issues	0.4	0.2			0.6	553.33	332.00
Statutory Duties	6.0	7.8	14.0	64.1	91.9	256.35	23,559.00
VAT & Taxation	14.9	71.7		2.8	89.4	687.44	61,457.00
Total Hours	62.3	235.1	163.7	129.3	590.4	£385.57	£227,843.00
Total time cost £	48,897.00	110,477.50	43,836.50	24,432.00			
Average hourly rate £	784.9	469.9	267.8	189.0			

Cumulative time analysis for the Administration period - 4 December 2011 to 3 June 2012

Activity	Partner/ Director	Manager	Other Senior Professionals	Assistants & Support	Total hours this reporting period	Time Costs for period	
						Average Hourly Rate £	04/12/2011 to 3/6/2011
Accounting and Administration	5.2	46.0	53.0	28.4	132.6	312.33	41,414.50
Bank & Statutory Reporting	18.9	46.6	38.2	8.0	111.7	381.66	42,631.00
Creditors	15.7	12.4	10.0	1.0	39.1	461.41	18,041.00
Debtors	1.0				1.0	770.00	770.00
Employee Matters	2.7	23.3		0.2	26.2	495.95	12,994.00
Immediate Tasks	3.0	4.0			7.0	498.57	3,490.00
Investigation/CDDA	8.8	20.0	34.0	10.0	72.8	335.91	24,454.00
Job Acceptance & Strategy	2.2	4.7			6.9	473.33	3,266.00
Legal Issues	0.3	4.1			4.4	415.68	1,829.00
Members	4.8	25.2	19.0	15.5	64.5	326.88	21,084.00
Other Assets	11.1	19.1	2.5	1.3	34.0	481.84	16,382.50
Other Matters		0.3			0.3	400.00	120.00
Public Relations Issues	1.6	0.2			1.8	604.44	1,088.00
Statutory Duties	18.5	64.5	73.0	127.1	283.1	308.93	87,459.00
VAT & Taxation	46.8	73.5		2.8	123.1	719.51	88,572.00
Total Hours	140.6	343.9	229.7	194.3	908.5	£400.21	£363,595.00
Total time cost £	99,903.00	165,141.00	61,326.50	37,224.50			
Average hourly rate £	710.5	480.2	267.0	191.6			

Summary of work

The Joint Administrators and their staff have carried out the following activities in the period 4 December 2011 to 3 June 2012

- Statutory duties which include - sending notification of appointment to creditors, filings with the Registrar of Companies, statutory advertising and fulfilling reporting requirements to the creditors and notifications to the secured creditor, issuing the Proposals and report on the conduct of the directors,

- ▶ Attending meetings with the directors to explain their role in the Administration and duty to assist the Joint Administrators to comply with their statutory duties,
- ▶ Evaluating employee claims, write to the employees or their advisers and conclude on the next steps,
- ▶ Liaising with Company management and our overseas tax advisers to understand the pre appointment tax position, draft final tax returns for the pre and post appointment periods for submission,
- ▶ Dealing with post completion obligations of the sale and purchase agreement,
- ▶ Reporting to the secured creditor,
- ▶ Dealing with correspondence from creditors, suppliers and shareholders of the Company and Group following the sale of business,
- ▶ Notifying the UKLA to delist the shares, liaising with the Company Registrar and CREST to disable electronic share dealings and respond to shareholder enquiries, and
- ▶ Managing case administration and fulfilling compliance and reporting requirements

Charge out rates from 1 July 2011 to 30 June 2012

Grade description	London rate (£/hour)	Tax/VAT rate (£/hour)
Partner	770	1040
Directors		
Executive Director	740	870/920
Director	630	870
Managers		
Assistant Director	540	755
Senior Executive	400	640
Other Senior Professionals		
Executive	295	450
Analyst Level 3	265	240
Assistants and support		
Cashiers	215	240
Analyst Level 2	210	240
Analyst Level 1	190	240
Assistant Level 1	-	95

The current hourly rates are subject to increase from 1 July 2012 in line with Ernst & Young's financial year

Administration expenses for the period 4 December 2011 to 3 June 2012

Type of expense	Incurred	Paid	Outstanding
Category 1 expenses	2,225 93	2,117 88	108 05
Category 2 expenses	26,777 72	nil	26,777 72
Total	29,003 65	2,117 88	26,885 77

Category 1 expenses

Category 1 expenses	£
Travel	330 20
Subsistence	96 84
Statutory Bonding	1,280 00
Statutory advertising	513 00
Courier	5 89
Total	2,225 93

Category 2 expenses

We have incurred category 2 expenses (as defined at Appendix 3 overleaf) in the Administration which are subject to the approval of the secured creditor and have not been paid at the time of writing this report. These expenses have been incurred by Ernst & Young (China) Advisory Limited for tax advice and are summarised in the table below.

Category 2 expenses	£
Tax advice on the disposal of shares and change of control	26,777 72
Total	26,777 72

Appendix 3

DTZ Holdings plc (in Administration)

Office Holders' Charging Policy for Fees

The secured creditor, Royal Bank of Scotland plc acting as agent for National Westminster Bank plc, has determined that the Administrators' remuneration should be fixed on the basis of time properly spent by the Administrators and their staff in attending to matters arising in the Administration

The Administrators have engaged a manager and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Time is in units of six minutes. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 2, as are the current hourly rates used. The current hourly rates are subject to increase from 1 July 2012 in line with Ernst & Young's financial year.

Office Holders' Charging Policy for Disbursements

Statement of Insolvency Practice No. 9 ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the Administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from the secured creditor as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.