

AM10

Notice of administrator's progress report



Companies House

TUESDAY



AA7PØRSB

A22

29/06/2021

#22

COMPANIES HOUSE

1 Company details

Company number 0 0 2 3 7 5 1 1

Company name in full Arcadia Group Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Matt

Surname Smith

3 Administrator's address

Building name/number 60 St Martin's Lane

Street London

Post town WC2N 4JS

County/Region

Postcode

Country

4 Administrator's name ①

Full forename(s) Daniel

Surname Butters

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 60 St Martin's Lane

Street London

Post town WC2N 4JS

County/Region

Postcode

Country

② Other administrator

Use this section to tell us about
another administrator.

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Notice of administrator's progress report


6 Period of progress report

From date	^d 3	^d 0	^m 1	^m 1	^y 2	^y 0	^y 2	^y 0	
To date	^d 2	^d 9	^m 0	^m 5	^y 2	^y 0	^y 2	^y 1	

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	<div>Signature</div> <div>X </div> <div>X</div>	
Signature date	^d 2 ^d 5 ^m 0 ^m 6 ^y 2 ^y 0 ^y 2 ^y 1	

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 Jessica Hough

Company name Teneo Restructuring 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

Continuation page

Name and address of insolvency practitioner

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

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

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

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

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

2 Insolvency practitioner's name

Full forename(s) Rob

Surname Fishman

3 Insolvency practitioner's address

Building name/number 60 St Martin's Lane

Street London

Post town WC2N 4JS

County/Region

Postcode

Country

Arcadia Group Limited (in administration) **(“AGL” or “the Company”)**






Progress report to creditors for the period 30 November 2020 to 29 May 2021 pursuant to rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 (“the Rules”)

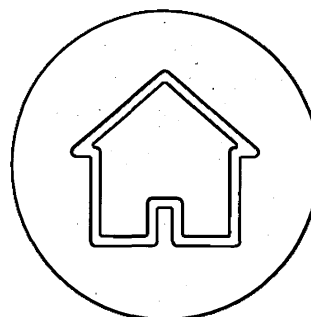
28 June 2021

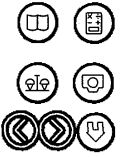
Matthew David Smith, Daniel Francis Butters and Robert Scott Fishman (“the Joint Administrators”) were appointed Joint Administrators of Arcadia Group Limited on 30 November 2020 by the High Court of Justice. The affairs, business and property of the Company are managed by the Joint Administrators. The 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.

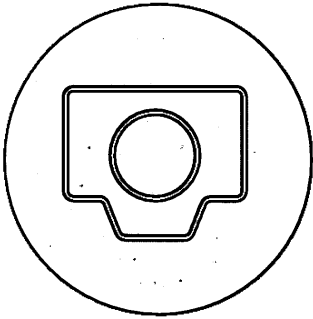
Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

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Key messages 



Key messages

Joint Administrators of the Company

Matthew David Smith

Daniel Francis Butters

Robert Scott Fishman

Teneo

156 Great Charles Street

Queensway

Birmingham

B3 3HN

Contact details

Email: arcadiacreditors@teneo.com

www.ips-docs.com

Tel: 0808 178 2848



Commentary	
Purpose of administration	<ul style="list-style-type: none">The purpose of the administration is to achieve a better result for AGL's creditors as a whole than a liquidation.
Important Notice re Administrators' contact details	<ul style="list-style-type: none">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 this administration appointment, were transferred to Teneo Restructuring Limited ("Teneo"), with their respective office holders 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.
Progress of administration	<ul style="list-style-type: none">AGL was integral to the trading of the wider group (AGL and its subsidiaries, together "the Group"), as it:<ul style="list-style-type: none">employed the majority of its employees;provided head office functions / shared services, including IT, Treasury, HR and operated the distribution centres;operated cash pooling arrangements on behalf of a number of the trading subsidiaries; andcontracted / guaranteed certain key trading liabilities on behalf of the wider Group.All trading brands have now been sold, with the exception of Outfit. Please see page 8 for further details. Trading ceased on 30 April 2021, following the conclusion of the Transitional Services Agreement ("TSA") with companies owned by Boohoo.com UK Limited ("Boohoo").Fixed charge receipts of £173.4m and floating charge receipts of £74.0m have been realised in the period. Please see page 15 for further details. AGL provides cash pooling services, receiving and paying cash for goods and services on behalf of a number of the trading entities in the wider Group. We are currently in the process of reconciling all receipts and payments and will transfer the monies realised and paid to the correct statutory entities. As such, the receipts and payments set out in this report will materially change in our next progress report upon completion of this process. Please see pages 15 and 16 for further details.All leasehold sites occupied by AGL have been vacated. Associated fixtures and fittings (with a Statement of Affairs value of £100k) have been realised for c.£1.3m and keys have been returned to landlords.Head office functions and shared services are in the process of being decommissioned following the end of the TSAs.
Costs	<ul style="list-style-type: none">Our time costs for the period of the report are £6,424,806. We have not yet fixed the basis on which we are to be remunerated. We anticipate this will be done in the next report period. Please see page 24 for further details.We have incurred disbursements of £113,772 in the report period. Please see page 26 for further details.Third party costs and expenses of £3,192,747, €18,580 and \$850 have been incurred in the report period. Please see pages 11 to 13 for further details.

Key messages

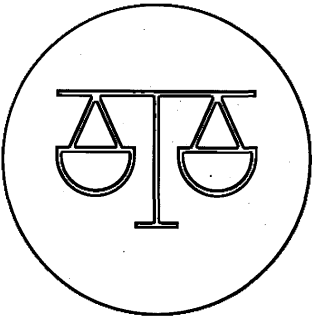
Commentary	
Outstanding matters	<ul style="list-style-type: none"> • Realise freehold retail properties in Hartlepool and Long Eaton. • Finalise trading costs and settle outstanding supplier balances. • Complete reallocation of costs to the appropriate statutory entities. • Full decommissioning of IT systems and closure of data centre. • Management of staff requirements and effecting final staff redundancies. • Agree creditor claims in preparation for distributions to secured, preferential and unsecured creditors. • Finalise tax and VAT matters. • Statutory closing procedures.
Dividend prospects	<ul style="list-style-type: none"> • On current information, we anticipate the following outcome for each category of creditor: <ul style="list-style-type: none"> - Secured creditors: <ul style="list-style-type: none"> o Arcadia Group Pension Trust Limited ("the Pension Trust") - We expect that the Pension Trust's £185m fixed charge security over the Vendor Loan Note ("VLN") owed by Top Shop/Top Man Limited will be paid out in full. In addition, the Pension Trust has received a c.£6.5m distribution from its second charge security over Tottenham Court Road freehold property (held in Redcastle (TCR) Limited). The remaining unsecured element of the Pension Trust debt will not be paid in full, dividends will be in line with those paid to other unsecured creditors. See page 21 for further detail. o Bank of Scotland plc ("BOS") – AGL is a guarantor of a Revolving Credit Facility ("RCF") provided by Taveta Investments (No.2) Ltd and secured over various freehold properties in other entities in the Group. We expect this to be repaid in full from the proceeds of the various property sales, such that there should be no call against AGL in respect of its guarantee. See page 21 for further detail. o Oaknorth Bank plc ("Oaknorth") – We continue to assess the realisable value of the property on which Oaknorth's debt is secured. At this stage, the dividend prospects for Oaknorth are unknown. o HSBC Bank Plc ("HSBC") – AGL is a guarantor for a fixed charge on a freehold property at Tottenham Court Road, London, held in Redcastle (TCR) Limited. All amounts due at the date of appointment have been repaid in full and the security is in the process of being released. - Preferential creditors: We expect there will be sufficient floating charge realisations to enable payment of preferential claims in full. - Unsecured creditors: It is likely that there will be a distribution for unsecured creditors of c.10p in the £. The actual dividend payable will depend on final asset realisations and the level of creditor claims ultimately received.
Extension to administration period	<p>We do not anticipate that it will be necessary to extend the period of the administration, which is due to end on or before 29 November 2021. Prior to this date, we anticipate that AGL will move to a creditors' voluntary liquidation to enable a dividend to be paid to unsecured creditors.</p>





Progress of the administration

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Pre-administration costs	17



Progress of the administration Summary

Background

The Group operated the Topshop, Topman, Dorothy Perkins, Burton, Wallis, Evans, Miss Selfridge and Outfit brands, along with associated centralised functions (many of which are undertaken by AGL).

The Group operated from over 400 stores, plus concessions, across the eight brands and employed c.13,000 employees. The Group also operated digital sales operations that were supported by three distribution centres.

The Joint Administrators ("We") were appointed over 27 UK companies (see page 8 of the Joint Administrators' Proposals for further details), together the "Administration Companies".

Work done during the report period

The Joint Administrators concluded that it would be in the best interests of creditors to continue to trade the Administration Companies' operating businesses whilst seeking a sale (or sales) of the businesses as going concerns. As previously noted, AGL provided shared services, without which the remainder of the Group would have been unable to trade.

Shared services support

During the trading period, there were limited opportunities to open retail stores (save for the three weeks prior to Christmas 2020) due to COVID-19 related restrictions. The Group continued to operate its digital platforms throughout the trading period, fulfilling orders for all its brands through its three distribution centres.

The Group also continued to work with its Wholesale, Franchise and External Business partners to fulfil its order commitments to these partners.

The majority of contracts for services such as IT, logistics, maintenance, security and other incidentals were entered into by AGL. The Joint Administrators engaged with key suppliers required for the continuation of trade to agree new terms and provide undertakings where appropriate.

Trading receipts

AGL acted as a shared service centre and cash pool for the Group's trading activities (excluding the Topshop and Topman brands). During the report period, AGL continued to receive cash and pay for goods and services on behalf of the trading entities in the Group.

Historically, the Group's merchant services providers ("MSPs") paid funds into bank accounts in the name of TSTM Limited in respect of Topshop/Topman brand sales and AGL in respect of all other brand sales.

As at 29 May 2021, AGL had received cash totalling £79.7m in respect of non-Topshop / Topman sales and debtor receipts, exclusive of VAT. We are in the process of reconciling these funds to allow them to be allocated to the appropriate Group entities. Our latest view of reconciled funds is summarised below:

Breakdown of AGL cash receipts

£m	Debtors	In Transit	Trading	Total
Burton Trading Limited	3.2	0.1	10.7	14.0
Dorothy Perkins Trading Limited	7.5	0.3	26.8	34.6
Evans Retail Limited	1.3	0.0	2.6	3.9
Wallis Retail Limited	1.7	0.0	8.1	9.9
Miss Selfridge Retail Limited	3.2	0.0	4.2	7.4
Outfit Retail Limited	0.0	0.3	8.5	8.8
Unallocated	N/A	N/A	N/A	1.1
Total	16.8	0.7	61.0	79.7

Unallocated receipts relate to cash received, however, the source and nature of these have not yet been reconciled.



Progress of the administration Summary

Work done during the report period (continued)

Trading costs

As the provider of head office functions and central / shared services (including IT and operating the distribution centres), AGL incurred a wide range of costs during the administration period on behalf of subsidiary trading companies.

Following the conclusion of the TSAs (see page 8), we have been winding down these central operations by exiting service agreements, decommissioning IT platforms and enacting redundancies as operations wind down. As at 1 June 2021, AGL employed 34 employees (7,755 at the date of our appointment). In addition to receiving funds, the AGL treasury function also included the payment of costs on behalf of the Group trading companies. We have made net payments out of AGL totalling £144.0m on behalf of the Group entities as shown in the table below. The Joint Administrators are in the process of reconciling this position. Our latest view of reconciled payments is shown below.

Total AGL receipts and payments on behalf of other entities

£m	Receipts	Payments	Intercompany Receipts	Total
Top Shop/Top Man Limited	-	(54.2)	15.8	(38.4)
Burton Trading Limited	14.0	(16.7)	2.0	(0.7)
Dorothy Perkins Trading Limited	34.6	(39.8)	7.0	1.8
Evans Retail Limited	3.9	(5.8)	1.5	(0.4)
Walls Retail Limited	9.9	(12.3)	3.0	0.6
Miss Selfridge Retail Limited	7.4	(7.4)	1.5	1.5
Outfit Retail Limited	8.8	(6.9)	-	2.8
Property Companies	-	(0.2)	-	(0.2)
Unallocated	1.1	(1.6)	-	(0.5)
Total	79.7	(144.0)	30.8	(33.5)

Whilst net payments in the table above exceed receipts on the prior page, the net amounts will be reimbursed by the relevant operating companies in due course. Please see the receipts and payments account on pages 14 and 15 for details of the other sources of funding.

Intercompany receipts represents monies advanced by the operating companies to AGL to cover initial costs. This funding will be netted off against the amounts to be recharged, and any surplus repaid.

Post completion of the Boohoo and City Chic Collective UK Limited ("City Chic") sale agreements, all trading cash receipts became the property of the purchaser.

Trading for AGL ceased on 30 April 2021 following conclusion of the Boohoo TSA.



Progress of the administration Summary

Work done during the report period (continued)

Intangible assets

AGL owned many of the domain names and websites for the trading brands. The sale of these assets concluded in conjunction with the sale of business processes (see below).

AGL also owns domains and trademarks relating to the Arcadia Group and Outfit brands, which were not part of the brand sales and are currently being separately marketed for sale.

Hilco Streambank has been engaged to review other IT assets such as software licences and Microsoft licenses. A sale process to realise value from these IT assets is ongoing.

Intellectual Property (Sale of Businesses)

The Group's brands were marketed for sale (as a whole, as sub-groups or as individual brands) through a wide-reaching accelerated M&A process. The following sales were completed:

- **Evans:** The digital and wholesale trading operations of the Evans business were sold to City Chic on 23 December 2020. Details of the asset realisations are set out opposite. AGL continued to provide transitional services to City Chic until 31 March 2021. This is discussed further in the trading section.
- **Topshop, Topman, Miss Selfridge:** The digital and wholesale trading operations of the Topshop, Topman and Miss Selfridge businesses, together with the HIIT brand owned by Burton, were sold to ASOS.com Limited ("ASOS") on 1 February 2021. Whilst there was no TSA, we were required to perform various functions including receipt and transfer of stock under the terms of the sale and purchase agreement.
- **Dorothy Perkins, Burton, Wallis:** The majority of the digital and wholesale trading operations of the Dorothy Perkins, Burton and Wallis businesses were sold to Boohoo. AGL continued to provide transitional services to Boohoo until 30 April 2021. This is discussed further in the trading section.

Note: None of the above business sales included physical stores.

As AGL was the owner and registrant of a number of trademarks, domain names and other intellectual property it received £9.5m from the sale to ASOS and £5.0m from the sale to City Chic in respect of these intangible assets.

Transitional Services Agreements (TSAs)

AGL's support services (including IT, HR, Treasury and operation of the distribution centres) were required to collect and deliver the Topshop, Topman and Miss Selfridge stock purchased by ASOS.

Immediately following the sales to Boohoo and City Chic, the Joint Administrators entered into TSAs to continue to operate e-commerce platforms, distribution centres and associated IT platforms on their behalf as well facilitate the transfer of systems, assets and stock.

The City Chic TSA concluded on 31 March 2021 and Boohoo TSA on 30 April 2021 and we are currently reconciling the final position.

In addition to this, and as part of the sales documentation, Boohoo also agreed to pay for stock (and associated duty) that had not yet arrived in the Group's warehouses or had not cleared customs.

City Chic sale agreement apportionment by legal entity			
£m	Intangibles	Stock	Total
<i>Receipts to date:</i>			
Arcadia Group Limited	5.0	-	5.0
Evans Retail Limited	15.7	1.9	17.6
Arcadia Group Brands Limited	0.2	-	0.2
Total Receipts	20.9	1.9	22.8
<i>Outstanding receipts:</i>			
Deferred contingent consideration			0.3
Total sale agreement value			23.1

ASOS sale agreement apportionment by legal entity			
£m	Intangibles	Stock	Total
<i>Receipts to date:</i>			
Arcadia Group Limited	9.5	-	9.5
Topshop/Topman Limited	173.4	24.0	197.4
Topshop/Topman (Wholesale) Limited	57.7	0.7	58.4
Burton Trading Limited	2.3	1.0	3.3
Miss Selfridge Retail Limited	14.9	2.9	17.8
Total Receipts	257.8	28.6	286.4
<i>Outstanding receipts/agreed credits</i>			
Deferred contingent consideration*			7.2
Administrator agreed credit against stock			1.4
Total sale agreement value			295.0

Boohoo sale agreement apportionment by legal entity			
£m	Intangibles	Stock	Total
<i>Receipts to date:</i>			
Burton Trading Limited	2.5	3.6	6.1
Wallis Retail Limited	2.5	1.6	4.1
Dorothy Perkins Trading Limited	8.2	6.8	15.0
Total Receipts	13.2	12.0	25.2
Total sale agreement value			25.2

* Deferred consideration due after 6 months following completion of transaction.



Progress of the administration Summary



Work done during the report period (continued)

Vendor loan note

At the date of appointment, AGL was owed £327.6m by TSTM Opco Limited in relation to a vendor loan note ("VLN") entered into on 5 December 2012. This was secured by fixed and floating charges provided by TSTM Opco Limited in favour of AGL.

Following the sale of the digital and wholesale trading operations of the Topshop, Topman and Miss Selfridge businesses to ASOS on 1 February 2021, £184.0m of this VLN has been recovered to date. Of this, £173.4m relates to fixed charge recoveries and £10.6m relates to floating charge recoveries. The total realisation of £184.0m has been distributed to the Pension Trust which has fixed and floating charge security (capped at £185.0m) over the proceeds of the AGL vendor loan notes.

Freehold property

AGL owns two freehold properties (retail stores), in Hartlepool and Long Eaton. At the date of appointment, AGL's books and records listed Redcastle Limited as being the beneficial owner of the Long Eaton property. Following further investigation, we have confirmed that AGL is the legal owner of this property.

The Long Eaton property was under offer at the time of the appointment of the Joint Administrators. Jackson Criss were engaged as agents by AGL and were retained by the Joint Administrators. A full marketing campaign was undertaken prior to appointment. The Joint Administrators were satisfied that the offer received was the best offer at the time. The transaction is expected to complete in the next reporting period, upon resolution of an issue with the land title.

We instructed Gooch Cunliffe & Whale ("GCW") to undertake a full marketing campaign for the Hartlepool property which is now under offer. This sale is also expected to complete in the next reporting period. Shoosmiths is the solicitor acting for us on the transaction.

Deloitte Real Estate is working alongside the Joint Administrators to complete the sales of these assets.

Leasehold properties are discussed on page 10.

Chattel assets

Hilco Valuation Services was engaged to value and sell certain assets, including IT equipment, office furniture and distribution centre assets. The following assets have been realised to date:

- Wenlock Road – Photography Studio**
Assets comprising IT and photography equipment. Auction held on 4 March 2021, resulting in gross proceeds of £98k.
- Colegrave House – Head Office**
Assets consisted of furniture, catering equipment, laptops, network equipment and payment terminals. Auctions and private treaty sales conducted in March and April 2021 with proceeds received of £745k
- Distribution Centres (Leeds, Milton Keynes and Rugby)**
Assets including warehouse racking, catering equipment and other miscellaneous IT were sold. Auctions and private treaties held in April 2021 resulted in proceeds of £276k (excluding assets owned by other Group companies). In addition, AGL sold assets held at the Leeds distribution centre to Boohoo for £132k.
- Other locations**
AGL operated data centres and a small satellite office in Bristol where the Pensions team was based. Assets sold from these locations have resulted in proceeds of £32k

We expect some further realisations when data centres are closed and fully decommissioned, however the sale value is likely to be minimal.

Chattel asset realisations

Location	Proceeds (£k)
Wenlock Road	98
Colegrave House	745
Distribution Centres	408
Other miscellaneous	32
	1,283

We anticipate that this process will result in net realisations of c.£1.0m after deduction of Hilco Valuation Services' fees. This is in excess of the estimated value of £100k in the director' Statement of Affairs. At the period end, these funds had not yet been paid into the Joint Administrators' bank account and are therefore not included on the receipts and payments account on pages 14 and-15.

Progress of the administration Summary



Work done during the report period (continued)

Leasehold properties – AGL

Colegrave House, 70 Berners Street, London was the Group's head office. A number of AGL staff continued to work from Colegrave House throughout the trading period, albeit on a reduced basis due to COVID-19 restrictions.

Following the sale of certain brands to Boohoo on 8 February 2021, the TSA allowed Boohoo staff to access the head office until 30 April 2021. The Joint Administrators vacated the head office on 30 April 2021 and the keys were returned to the landlord.

AGL also leased sites in Bristol and Cork. The site at Bristol was used by the Group's pensions team and was vacated on 12 April 2021. The retail site in Cork was vacated on 31 December 2020.

All of these sites have been exited from and the keys returned to the landlords, such that no further occupancy costs are accruing that will rank as an administration expense.

On appointment, AGL's records showed four leasehold sites. On further inspection, we identified that whilst AGL was the occupant, the leases were registered to other Group entities.

The Statement of Affairs identified £0.5m of potential recoveries relating to long leaseholds. We have been unable to realise any value in AGL's leasehold property portfolio. As detailed in our proposals, we instructed agents to undertake a desktop valuation of the leasehold estate to ascertain whether there was any potential premium value in the portfolio. The agents concluded that the properties were significantly overrented and there was very limited demand for retail space in the current market.

Intercompany receivables

There are material intercompany balances across the Group, which we are in the process of reconciling. Realisations are anticipated by way of distributions from certain of the Group companies, the timing and quantum of which will be confirmed following completion of asset realisations across the wider Group.

Coronavirus Job Retention Scheme (CJRS) debtor

The Joint Administrators have collected the CJRS debtor in respect of November payroll (which was paid in advance of our appointment).

Pre-appointment overpayments recovery

Hilco Profit Recovery was engaged to perform a property review to recover any historical overpayments of business rates from billing authorities.

GL Hearn was instructed to act in appeals against rating assessments, whereby a review of pre-appointment expenditure was conducted to identify overcharges that may be recoverable.

To date, we have recovered c.£473k in total across both workstreams and a further c.£170k is expected. Fees to Hilco Profit Recovery and GL Hearn are expected to be £11k and £47k respectively, giving an expected net realisation of £584k once all realisations have concluded.

Stock

The Statement of Affairs identified stock with a value of £23k. This related to clothing samples and garments utilised for photoshoots. Given the nature of this stock, it was determined that there was no realisable value and all such clothing was donated to local charities.

Debtors

A fund was set aside in the June 2019 CVA against which compromised creditors could claim. Under the terms of the CVA Proposal document, funds of £7.0m have been transferred to the administration for the benefit of all AGL creditors.

Deferred Tax

As per the Statement of Affairs, there were deemed to be monies recoverable from HMRC relating to deferred tax. We are continuing to reconcile the tax position and will seek to utilise this deferred tax asset where possible to offset any chargeable gains relating to the various asset sales across the Group. To date, no tax assets have been realised as the returns are not yet due.

Cash at Bank

As per the Statement of Affairs, the estimated to realise figure for Cash at Bank totalled c.£5.4m. To date c.£3.4m has been realised. Following further investigation, we believe that the directors' Statement of Affairs was overstated as the calculation for cash at bank appears to include a c.£2.0m overdraft facility.

Progress of the administration Summary

Work done during the report period (continued)

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 reports 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.

Directors' Conduct Report

We have complied with our statutory duty to report on the conduct of AGL's directors and submitted our confidential report to the Insolvency Service on 26 February 2021.

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 AGL.

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 the cover page.

Third party costs incurred during the report period

Third party costs incurred during the report period are set out below.

Professional costs – Legal costs

Freshfields Bruckhaus Deringer LLP ("Freshfields")

Freshfields is the principal legal advisor for the Administration Companies. Work undertaken to date includes, but is not limited to, procedural appointment preparation and formalities, general insolvency advice and advice on matters including employees, pensions, sale of business, properties, stock, contracts and litigation. Freshfields' discounted costs incurred in AGL for the report period total £2.6m (exclusive of VAT), plus disbursements of £42k, of which they have billed £2.3m (exclusive of VAT) and £42k, respectively.

No costs have been paid in the report period and the unbilled discounted Work In Progress ("WIP") (£244k) is subject to review before billing. At the date of our Proposals costs incurred to 25 December 2020 were c.£1.1m. Future costs were dependent on the sale of business structure and timing.

The above costs will be reviewed and analysed in detail before payment is approved or made.

Brown Rudnick LLP ("Brown Rudnick")

Brown Rudnick has been instructed to specifically provide advice to the Joint Administrators on appointment matters, director investigations and other matters where Freshfields would otherwise potentially be conflicted. Brown Rudnick's costs incurred in AGL for the report period total £65k (exclusive of VAT) of which they have billed £44k (exclusive of VAT), which has been paid.

Allen & Overy LLP ("A&O")

A&O was instructed to advise on banking and debt matters such as secured claims. A&O's costs incurred in AGL for the report period total £63k (exclusive of VAT). These costs have all been billed and paid.



Progress of the administration Summary

Third party costs incurred during the report period (continued)

Appleby G has billed £36k (exclusive of VAT) across AGL, Redcastle Limited, Burton Trading Limited, Dorothy Perkins Trading Limited and Burton/Dorothy Perkins Properties Limited. These costs have been apportioned equally across the relevant estates (£7k exclusive of VAT, per company). These costs have been paid.

Appleby (Jersey) LLP ("Appleby J")

Appleby J was instructed to advise on local jurisdictional matters such as recognition of the administrations in Jersey, ongoing trading, properties and employment. Appleby J has billed £35k plus £795 disbursements (exclusive of VAT) across AGL, Redcastle Limited, Top Shop/Top Man Limited, Top Shop/Top Man Properties Limited, Burton Trading Limited, Dorothy Perkins Trading Limited and Burton/Dorothy Perkins Properties Limited. These costs have been apportioned equally across the relevant estates, equal to £5k (exclusive of VAT) per company. These costs have been paid.

Appleby (Isle of Man) LLC ("Appleby IOM")

Appleby IOM was instructed to advise on local jurisdictional matters such as recognition of the administrations in the Isle of Man, ongoing trading, properties and employment matters.

Appleby IOM billed £30k plus £900 disbursements (exclusive of VAT) across AGL, Redcastle Limited, Top Shop/Top Man Limited, Top Shop/Top Man Properties Limited, Burton Trading Limited, Dorothy Perkins Trading Limited, Burton/Dorothy Perkins Properties Limited, Wallis Retail Limited and Wallis Retail Properties Limited and these costs have been apportioned equally across the relevant estates, equal to just over £3k (exclusive of VAT), per company. These costs have been paid.

DLA Piper UK LLP ("DLA")

DLA was instructed to advise on properties where BOS is the secured creditor. DLA's work included security reviews, completion of freehold property sales, correspondence with landlords, leasehold surrenders and other related matters. DLA's costs incurred in AGL for the report period totalled £7k (exclusive of VAT) and €11k. None of these costs have been billed or paid in the report period.

The below table summarises the legal costs incurred position for the report period.

Legal costs summary - incurred to 29 May

	£	€
Freshfields*	2,609,829	-
Brown Rudnick	64,969	-
A&O	63,326	-
Appleby G	7,100	-
Appleby J	5,091	-
Appleby IOM**	3,433	-
DLA	7,215	10,580
	2,760,963	10,580

*Freshfields figure includes disbursements of £41,535

**Appleby IOM figure includes disbursements of £100

Professional costs – Agents' costs

Engine Partners UK LLP ("Engine")

Engine was instructed to provide public relations advice.

Engine's costs incurred in AGL for the report period total £300k (exclusive of VAT). All of these costs have been billed and paid.

At the date of our Proposals, an estimate of costs was not available owing to the uncertainty over sale of business timing and structure. However, these costs are in line with subsequent expectations.

Hilco Valuation Services ("Hilco Val")

Hilco Val was instructed to provide advice on valuation of both stock and chattels of the Group, and assisted in the realisation of chattels and fixed assets.

Hilco Val incurred £122k of costs in AGL during the report period, of which £70k fees and £2k expenses (exclusive of VAT) have been billed and paid in relation to the valuation work.

The unbilled £50k relates to commission on the sale of assets to date and will be paid in the next report period.



Progress of the administration Summary

Third party costs incurred during the report period (continued)

Jackson Criss ("JC")

JC acted as agent for the sale of the freehold property at Long Eaton for which it incurred £5k (exclusive of VAT).

These costs have not yet been billed or paid.

Lambert Smith Hampton ("LSH")

LSH was instructed to provide valuation advice for the freehold property in Hartlepool held in AGL. LSH billed £2k plus VAT which has been paid.

Veristat Limited ("Veristat")

Veristat was appointed to provide immigration support in relation to sponsored workers in AGL.

It incurred costs totalling £2k (exclusive of VAT) in the report period, which have been billed and paid.

Academy Surveys Limited ("Academy")

Academy has provided Energy Performance Certificates ("EPC") for two freehold properties, for which it has billed a total of £1.9k plus VAT for both properties based on fixed fees.

Smart Frog Limited trading as TaxPerfect ("TaxPerfect")

TaxPerfect was appointed to provide remote tax clinics for workers in AGL.

Costs totalling £800 (exclusive of VAT) were incurred in the report period, which have been billed and paid.

Hilco Profit Recovery Limited ("Hilco PRL")

As detailed in our Proposals, Hilco PRL was instructed to review historical utilities and business rates payments to identify any potential rebates that may be due to the Group.

Hilco PRL's costs incurred in AGL for the report period total £79 (exclusive of VAT) which has not yet been billed or paid.

Joseph Patrick O'Reilly ("JPO")

JPO was appointed as a director of Kardaib Limited, a subsidiary of AGL that was set up in December 2020 to hold EU domain names in preparation for the UK leaving the EU on 1 January 2021.

For these services, JPO has incurred €8k of fees, of which €4k has been billed and paid.

Aleman, Cordero, Galindo & Lee Trust (BVI) Limited ("Alcogal")

Alcogal has provided legal services in relation to franchise tax and representation. Alcogal incurred costs of \$850 in the period, which has been billed and will be paid in the next report period.

GL Hearn

As detailed in our Proposals, we instructed GL Hearn, the Group's existing advisors, to act in relation to business rates and appeals against rating assessments. No costs have been incurred or paid in the report period.

These costs will be paid in the period after this report.

The below table summarises the agents costs incurred position in the report period.

Agents / other professional costs - incurred to 29 May

	£	€	\$
Engine Partners	300,000	-	-
Hilco Val	120,000	-	-
Jackson Criss	5,000	-	-
LSH	2,000	-	-
Veristat	1,995	-	-
Academy Surveys	1,910	-	-
TaxPerfect	800	-	-
Hilco PRL	79	-	-
Joseph Patrick O'Reilly	-	8,000	-
Alcogal	-	-	850
	431,784	8,000	850

Given that our work in relation to disposal of the property portfolios is ongoing, further agents may be instructed as required. We will provide additional details in our next report to creditors.

We are in regular correspondence with professional advisors regarding anticipated costs. All professional costs are reviewed and analysed in detail before payment is approved or made.



Progress of the administration

Receipts and payments

Arcadia Group Limited is not a trading entity. It acts as a shared service centre and cash pool for the group. During the administration period AGL has continued to receive and pay cash for goods and services on behalf of the trading entities in the group.

The trading period closed on 30 April 2021 following the conclusion of the Boohoo TSA. From appointment, a reconciliation process has been ongoing to reconcile all cash movements with the intent to transfer the monies realised and paid to the correct statutory entity.

This reconciliation process has not yet concluded. The receipts and payments account shown remains subject to the allocation of receipts and payments across the Group. These amounts will materially change within our 6-7 for more details. next progress report upon completion of this process. See pages



Arcadia Group Limited

Joint Administrators' Receipts and Payments Account

30 November 2020 to 29 May 2021

£	Notes	SoA	To date
Trading Receipts (subject to allocation across group entities)			
Opco Sales and Debtors to be Allocated (Inc. VAT)	1		79,664,269
CJRS Claims	2		7,533,887
TSA Fees	3		20,785,611
Rent			186,108
TSTM Contribution to Wages and Salaries	4		11,256,452
TSTM Contribution to Import VAT and Duty	4		4,494,069
Intercompany Funding:	5		
Wallis Retail Limited			3,000,000
Burton Trading Limited			2,000,000
Evans Retail Limited			1,500,000
Miss Selfridge Retail Limited			1,500,000
Dorothy Perkins Retail Limited			7,000,000
Total Trading Receipts			138,920,395
Trading Payments (subject to allocation across group entities)			
Merchant Service Provider Fees	6		(794,526)
Merchandise/Stock Purchases	7		(16,839,714)
Concession stock	8		(3,817,053)
Freight Forwarders			(3,028,554)
Employee Costs (inc. NI, PAYE and Other Related Expenses)	9		(59,860,704)
Consumable Stores			(808,390)
Indirect Labour	10		(5,759,663)
Rents			(5,145,053)
Heat & Light			(972,503)
Telephone			(2,797,126)
Carriage	11		(16,978,048)
Insurance			(1,807,991)
Professional Fees			(263,388)
Customs VAT/Duty	12		(3,936,537)
Hire of Equipment			(212,045)
Property Repairs & Maintenance			(1,081,331)
Advertising			(4,140,906)
Stationery			(150,073)
Service Charge			(872,299)
Own Site Digital brand costs - Variable			(3,907,152)
Central Costs	13		(6,389,840)
Central Costs - Other			(51,050)
Finance and Admin Services			(351,989)
Haulage			(1,742,039)
Warehouse Services			(727,822)
Pre Appointment Pensions/3rd Party	14		(919,835)
Pre Appointment Tax/NIC on CJRS Grant			(362,654)
Other Sundry Expenses			(168,098)
Customs & Excise			(83,332)
Total Trading Payments			(143,969,714)
Balance			(5,049,319)

Progress of the administration Receipts and payments

Arcadia Group Limited Joint Administrators' Receipts and Payments Account 30 November 2020 to 29 May 2021

£	Note	SoA	To date
Balance brought forward from previous page			(5,049,319)
Fixed Charge Receipts			
Property (Hartlepool Store)		170,000	-
Long Leasehold		500,000	-
Vendor Loan Notes (TSTM Receivable)	15	200,000,000	173,400,000
Total Fixed Charge Receipts		200,670,000	173,400,000
Fixed Charge Payments			
Distribution to Fixed Charge Holder	16		(173,400,000)
Total Fixed Charge Payments			(173,400,000)
Floating Charge Receipts			
Vendor Loan Notes (TSTM Receivable)	15	127,562,000	10,600,000
Sale of Business - Intangibles:	17		
ASOS		-	9,500,003
City Chic		-	5,000,000
Other		-	3
Stock		23,000	-
Trade Debtors		583,000	5,966
Other debtors		14,464,000	-
Transfer from CVA	18	-	7,020,275
Amounts Due from Group Undertakings		703,000	99
Cash at Bank at Appointment		5,440,000	3,462,614
Vendor Loan Notes (TSTM Receivable)	19	100,000	148,694
Bank Interest Gross		-	565
Rent Received in Error		-	43,840
Rent Received on Behalf of Propcos		-	145,849
ASOS Contribution to Costs		-	10,000
Debtor - CJRS Claims	20	-	6,533,670
Sundry Refunds		-	4,830
Rates Refunds		-	472,705
Insurance Refunds		-	143,660
Stock Receipts on Behalf of ASOS/Boohoo		-	35,901
Cash Received on Behalf of Boohoo	21	-	27,534,347
Cash Received on Behalf of CCX	21	-	3,344,391
Total Floating Charge Receipts		21,313,000	74,007,811
Floating Charge Payments			
Distribution to Floating Charge Holder	16		(10,600,000)
Agents/Valuers Fees			(1,247,194)
Legal Fees			(585,398)
Storage Costs			(11,602)
Statutory Advertising			(662)
Return of Monies Received in Error			(85,932)
Bank Charges			(6,468)
Cash Paid to Boohoo/City Chic	21		(19,380,193)
Total Floating Charge Payments			(31,917,449)
Balance			37,041,043
Made up of:			
Interest Bearing Bank Account	22		40,359,192
VAT Receivable / (Payable)	23		3,551,762
Trade Creditors	24		(6,869,910)
Balance in hand			37,041,043



Progress of the administration

Receipts and payments (continued)

Notes to receipts and payments account

A receipts and payments account is provided on the previous pages, detailing the transactions since our appointment on 30 November 2020 to 29 May 2021. The following explanatory notes relate to this account.

- 1. Opco Sales and Debtors:** Receipts in respect of Dorothy Perkins, Burton, Wallis, Evans, Miss Selfridge and Outfit operating companies
- 2. CJRS Claims:** Furlough claims were made from the UK Government for group employees during the trading period.
- 3. TSA Fees inc. stock recharges:** Fees and costs received from City Chic and Boohoo in relation to their respective TSAs (see page 8 for further detail).
- 4. TSTM Contribution to Wages, Salaries, Import VAT and Duty:** Top Shop/Top Man Limited ("TSTM") has made certain payments to reimburse AGL for some of the employee, VAT and duty expenditure incurred by the Company on TSTM's behalf. These payments will be taken into account as part of the wider receipt / cost reconciliation exercise that is currently being undertaken.
- 5. Intercompany Funding:** Intercompany funding represents monies advanced by the operating companies to AGL to cover initial costs. This funding will be offset against expenditure that has been incurred by AGL on behalf of these operating companies.
- 6. MSP Fees:** Fees paid to Merchant Service Providers.
- 7. Merchandise/stock purchase:** Stock purchased which was either realised through trading or sold to City Chic, ASOS or Boohoo as part of the sale of business processes.
- 8. Concession stock:** The Group's clothing range consisted of own brands and concessions. Payments made to concession partners totalling c.£3.8m were paid during the period. The company pays either a fixed fee or percentage of sales (depending on the contract terms) to concession partners for clothing sold in Arcadia stores or online.
- 9. Employee costs:** Includes retail, head office and distribution centre staff costs.
- 10. Indirect labour:** Primarily relates to agency staff required to operate the distribution centres.

11. Carriage: Costs associated with delivering stock from the distribution centres to stores and customers (e-commerce).

12. Customs VAT/Duty: All payments shown are net of VAT and import duty incurred. A process is ongoing to determine how much of this amount paid is recoverable.

13. Central costs: Central costs comprise predominately IT support and logistic costs incurred.

14. Pre-Appointment Pensions/3rd Party: On appointment we were made aware of outstanding pension contributions which had been deducted from employees, but not paid to the pension provider. As these contributions would rank as preferential claims (which we expect to pay in full in due course), a decision was made to pay the contributions to maintain goodwill amongst employees.

15. Vendor Loan Notes (TSTM Receivable): As set out on page 9, AGL holds a fixed and floating charge over the assets of Top Shop/Top Man Limited in support of a £327.6m intercompany receivable. Following the completion of the ASOS sale and resulting proceeds, £184m has been realised against this charge to date. Further realisations are expected from the floating charge security and some of this should be received once trading accounts have been finalised.

16. Distribution to Fixed and Floating Charge Holder: The Arcadia Group pension fund holds a fixed and floating charge over the Vendor Loan Notes of AGL (capped at £185.0m). Following receipt of the £184m from Top Shop/Top Man Limited described above, a secured distribution of £184.0m was made in three tranches as follows; £167.0m on 5 February 2021 and £6.4m on 12 February 2021 under the fixed charge, and £10.6m on 16 March 2020 under the floating charge.

17. Sale of Business – Intangibles: This amount realised comprises £9.5m from the ASOS sale and £5.0m from the City Chic sale. See page 8 for more details.



Progress of the administration

Receipts and payments (continued)

Notes to receipts and payments account (continued)

18. Transfer from CVA: A fund was set aside in the June 2019 CVA against which compromised creditors could claim. Under the terms of the CVA Proposal document, these funds have been transferred to the administration for the benefit of all creditors.

19. Fixtures and fittings: Primarily funds received from Boohoo in relation to the sale of assets held at the Leeds distribution centre.

20. Debtor - CJRS claims: CJRS claim made in respect of the pre-appointment November 2020 payroll.

21. Cash received on behalf of Boohoo / City Chic: Following the sale to Boohoo and City Chic, the Company continued to receive their funds from Merchant Service Providers into its bank accounts. These funds have been / are in the process of being reconciled and paid across to Boohoo and City Chic.

22. Bank Interest: All funds are held in an interest-bearing account. The associated corporation tax on interest received will be accounted for to HM Revenue & Customs in due course.

23. VAT: All sums shown on the prior pages are shown net of VAT, which is recoverable and will be accounted for to HM Revenue & Customs in due course.

24. Trade Creditors: Invoices received are logged, recorded and posted to the cash book on an accrual basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the Company's bank accounts.

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

Pre-administration costs

Pre administration costs

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

Pre-administration administrators' costs

In the following paragraphs we have provided an explanation of the work carried out by us in the period prior to the administration and which was carried out with the intention of achieving the objective of the administration, i.e. to achieve a better result for AGL's creditors as a whole than a liquidation and including but not limited to:

- Planning for the administration and administration strategy;
- Gathering company information in preparation for trading on day one;
- Planning and arranging staffing;
- Identifying key suppliers;
- Gathering information in preparation for immediate post appointment statutory notifications;
- Liaison with the Pension Trust, and key stakeholders;
- Consultation with the Bank of Scotland Plc and HSBC Bank Plc as secured creditors; and
- Preparation for, and facilitation of continuation of shared services in AGL.

This work was performed before the Company went into administration in order to ensure continuity of trading post appointment, to protect the value in the Group's businesses.

In relation to this work our time costs were £757,806, all of which remains unpaid.

Pre-administration legal costs

Freshfields

Freshfields were instructed to assist in planning for the administration and to undertake formalities of the administration appointments in relation to the Company and the wider Group, including but not limited to: drafting and preparation of Court documents and notices; Court attendance; and advice on timings and procedural aspects of appointments.

In respect of this work, Freshfields incurred £24,925 in each of the Administration Companies.

The Court ordered that these costs be paid as an expense of the administration

Freshfields were also instructed to advise on operational matters in order to facilitate continuity of trading post appointment including but not limited to:

- Employment matters;
- Rent and Day 1 landlord letters;
- Retention of title ("ROT");
- Review of letters of credit / financing arrangements;
- TSAs and non disclosure agreements;
- Ransom suppliers; and
- Advice in relation to the Pension Schemes and UK pensions stakeholders.

In respect of this work, Freshfields incurred £189,546 of time costs (after discount) across the Group of which £124,595 is applicable to AGL.

Costs of £28,351 have been paid as an expense of the administration as ordered by the Court (£24,925 fees and £3,425 expenses).

We have not yet sought approval for the £124,595 pre-administration costs and anticipate holding a creditors decision procedure in the near future to seek approval for these costs at the same time as we seek fee and other approvals. Details of this process will be posted to the website.



Progress of the administration

Pre-administration costs

Pre-administration legal costs (continued)

A&O

A&O were instructed to assist with planning for the administration, in relation to security review matters. In respect of this work, A&O incurred c.£75k plus VAT of pre-administration time costs in AGL, the breakdown of which was awaited at the time of the Proposals.

In accordance with the administration Court order £10k of this amount has now been paid as an expense of the administration. The balance (c.£65k) related to pre-administration financing advice to AGL and did not relate to work undertaken with a view to placing AGL into administration. The balance will therefore rank as an unsecured creditor in the administration.

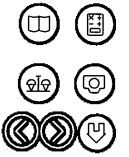
Approval of unpaid pre-administration costs

Payment of unpaid pre-administration Deloitte time costs of £757,806 and Freshfields time costs of £124,595 is subject to approval under Rule 3.52.

Administrators' costs

We have not yet sought approval for these costs and anticipate seeking approval from the unsecured creditors in the period after this report.

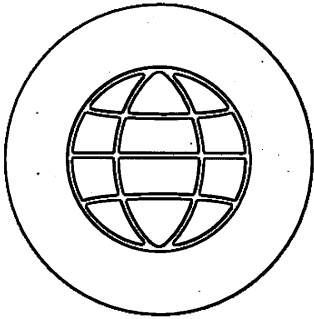




 Information for creditors

Outcome

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Information for creditors Outcome



Estimated outcome for creditors

Secured creditors

AGL's records show that, at the date of our appointment, the following security and amounts were outstanding to secured creditors:

Arcadia Group Pension Trust Limited

AGL has provided funding to Top Shop/Top Man Limited, secured by the VLN, with approximately £327.6m outstanding as at the date of appointment.

Top Shop/Top Man Limited and Top Shop/Top Man Properties Limited have granted AGL a fixed and qualifying floating charge in respect of this VLN, registered at Companies House on 12 July 2012.

On 12 June 2019, AGL assigned part of this VLN security to the Pension Trust, in addition to a second charge over the property owned by Redcastle 214 Limited. The total value of this secured element of the Pension Schemes' deficit is capped at £185m. To date £184m of this secured claim has been distributed to the Pension Trust, and we expect that this secured claim will be paid in full.

In addition the Pension Trust also benefits from a second charge over the freehold property at Tottenham Court Road, London, held in Redcastle (TCR) Limited which was capped at c.£25m and following the sale of the property on 22 December 2020, c.£6.5m was distributed to the Pension Trust. It is unknown whether there will be any further distributions in relation to this security.

The balance of any monies owing to the Pension Schemes will rank as an unsecured claim.

Oaknorth Bank PLC ("Oaknorth")

A fixed charge dated 31 July 2020 over AGL's 53% share in Gresse Street Limited (a solvent company which owns a property at Gresse Street, London) was granted to Oaknorth.

The balance outstanding is £1.7m. The property in question is a fashion school which is jointly owned by a number of other retailers. We are investigating options to realise this holding and will provide a further update on this matter in our next progress report.

HSBC Bank Plc ("HSBC")

A fixed charge over certain cash deposits dated 16 April 2019 was granted in favour of HSBC. As at 30 November 2020 £9.4m of cash deposits were held, with a potential liability of £9.1m. This position is being finalised.

HSBC also benefits from fixed charges dated 3 and 4 May 2018 relating to security over the freehold property at Tottenham Court Road, London, held in Redcastle (TCR) Limited (HSBC also holds security over shares in this entity). The amount outstanding as at 30 November 2020 was £55.3m (£55.0m plus interest and legal fees). Following the sale of the property on 22 December 2020, the amounts outstanding to HSBC under this charge have been repaid in full and the security is in the process of being released.

Bank of Scotland Plc ("BOS") as security agent

BOS has fixed charges over certain properties dated 23 April 2018, 28 August 2015 and 9 April 2013 to secure a £61.2m debt in Taveta Investments (No.2) Limited in relation to a revolving credit facility, for which AGL is a guarantor. We expect this debt to be repaid in full through proceeds of the sale of secured properties by other Group entities, such that the AGL guarantee should not be called.

Lease creditors

Approximately 80 vehicles were subject to lease agreements with Arval UK Limited ("Arval"). As staff have left the business, vehicles have been returned to Arval. At 29 May 2021, there were 18 vehicles awaiting collection and it is expected that all vehicles will be collected by 31 July 2021.

Having regard to the amounts outstanding under the lease agreements, it is unlikely that any surplus funds will become available for the administration estate.

Information for creditors Outcome

Preferential creditors

Preferential claims consist of amounts owed to employees for arrears of wages / salaries, holiday pay, and pension contributions. We estimate that there will be preferential claims primarily in relation to holiday pay. Work is ongoing to reconcile the estimated final balance.

On appointment, there were small amounts outstanding relating to arrears of pay (mostly overtime and commission) which we paid during the trading period. In addition, a decision was made to pay outstanding pension contributions to maintain goodwill amongst employees.

On present information we anticipate that sufficient funds should become available to enable preferential claims to be paid in full, subject to the final preferential claims balance.

Unsecured creditors

AGL's records as at 30 November 2020 show c.550 unsecured creditors with balances totalling c.£17.8m.

This list does not capture a number of other unsecured creditor claims which are expected to arise in the administration, including the unsecured element of the pension deficit, a number of intercompany creditors, amounts due under guarantees crystallised by the insolvency of other Group companies and amounts due to HMRC in respect of VAT. The total value of unsecured creditors is expected to be materially higher than the total above once these liabilities have been quantified and included.

On present information we anticipate that sufficient funds will be realised to enable a distribution to be made to unsecured creditors of c.10p in the £, based on total expected claims of c.£1.8bn.

The actual dividend payable will depend on final asset realisations and the level of creditor claims ultimately received.

Prescribed Part

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.

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600,000 per company.

As we anticipate that there will be sufficient funds to repay the floating charge holder in full and therefore provide a surplus available for distribution to unsecured creditors, the Prescribed Part provisions will not apply to this case.

Claims process

We anticipate that a dividend is likely to be made to unsecured creditors. We therefore invite creditors to claim, following the guidance in the paragraphs below.

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 AGL's books and records, 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.

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 29 November 2021.

Exit

As detailed in our Proposals, we consider that a move to creditors' voluntary liquidation to enable a dividend to be paid to unsecured creditors will be the most appropriate exit route from administration.

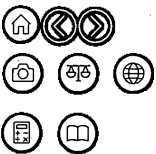
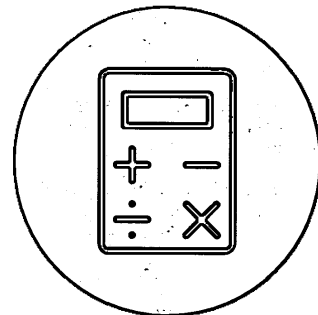




Remuneration and expenses

Joint Administrators' remuneration

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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

As indicated in our proposals, we intend to invite creditors to fix the basis of our remuneration on a time costs basis, which we will do through a decision procedure to be held in the next report period, details of which will be posted to the case website.

Fees drawn to date

No fees have been drawn to date as we do not yet have fee approval.

Time costs - analysis of actual against initial estimate

Please refer to page 25 where we have updated the Fees Estimate to provide details of our actual time costs for the period of the report. These are also summarised below.

Our total time costs to 29 May 2021 are £6,424,806 made up of 9,142.0 hours at a blended charge out rate of £703 per hour across all grades of staff.

As noted, we have not yet taken steps to fix the basis of our remuneration. Consequently, our request to fix the basis of our remuneration (which we intend to issue in the next report period) will be by reference to the revised Fee Estimate on page 25.

Following an internal reallocation of certain time costs to other entities in the Group, to reflect time that properly relates to the trading activities of the operating subsidiaries, our budget is now expected to be £9,024,806 (reduced from £11,790,124 as per our Proposals Fee Estimate). Please note that our fee estimate on the following page includes our expected work in both the administration and subsequent creditors' voluntary liquidation.



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 Original Fees Estimate			Anticipated Time and Costs per Revised Fees Estimate			Actual Time and Costs for Report Period		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)
Administrative activities	Cashiering	439.2	630	276,696	700.0	504	352,800	432.0	367	158,757
	Case supervision	184.4	599	110,424	660.4	600	414,552	317.8	730	232,007
	Case reviews	16.8	512	8,604	16.8	512	8,604	4.7	371	1,744
	Case closure matters	24.5	532	13,045	41.0	564	23,130	-	-	-
	Compliance & IPS diary	81.6	756	61,668	137.4	712	97,854	49.8	1,050	52,088
Statutory & compliance	Insurance	11.5	638	7,335	62.0	664	41,140	29.5	825	24,343
	General reporting	53.5	579	30,880	560.0	638	357,275	81.6	763	63,890
	Regulatory & other legislation	2.4	585	1,404	2.4	585	1,404	1.1	800	880
	Court applications	21.0	788	16,555	21.0	788	16,555	-	-	-
	Appointment matters	4.4	664	2,905	12.0	758	9,090	11.0	796	8,740
Initial actions	Securing assets	7.3	613	4,469	40.0	776	31,010	31.0	806	25,000
	Notifications	9.6	663	6,330	9.6	663	6,330	8.4	563	4,737
Investigations	CDDA reporting	18.0	548	9,860	45.5	528	24,030	43.1	434	18,678
	Investigations	524.0	631	330,880	1,442.0	523	754,240	1,313.9	495	649,995
Total of above categories		1,408.1	630	887,154	3,780.0	566	2,138,014	2,323.7	534	1,240,858
Taxation	Tax	423.7	1,060	449,314	1,403.7	1,062	1,490,939	1,134.6	1,113	1,262,770
	VAT	42.5	786	33,391	367.5	997	366,516	181.3	1,224	221,904
Asset realisations	Third party assets	-	-	-	40.0	630	25,200	21.9	516	11,286
	Book debts	37.5	721	27,025	37.5	721	27,025	4.2	813	3,414
	Chattel assets	-	-	-	20.0	800	16,000	18.0	800	14,400
	Other assets	132.6	633	83,980	320.0	716	229,200	208.0	779	162,100
	Property	-	-	-	138.8	1,025	142,099	80.1	655	52,449
	Retention of title	337.2	1,034	348,555	5.0	1,070	5,350	-	-	-
	Sale of business	2,281.2	910	2,076,384	200.0	958	191,500	179.4	999	179,139
Trading	Day 1 control of trading	420.1	671	281,680	107.7	726	78,221	106.7	725	77,389
	Ongoing trading	5,964.9	698	4,165,316	2,925.0	685	2,002,750	2,875.9	661	1,900,912
	Monitoring trading	1,275.0	740	943,125	850.0	736	626,000	685.0	872	597,522
	Closure of trade	1,493.7	738	1,102,681	494.5	789	390,191	248.3	598	148,366
	Consultation	168.8	998	168,368	88.8	884	78,468	73.3	779	57,118
Employees	Correspondence	1,004.8	630	633,039	694.1	630	437,283	647.1	475	307,137
	Employment tribunals	61.8	797	49,244	120.0	562	67,450	14.4	524	7,568
	Pensions	49.5	766	37,900	49.5	766	37,900	13.7	731	10,000
	Creditors	424.0	597	253,037	517.5	639	330,676	317.2	513	162,718
Correspondence	Shareholders	12.0	495	5,940	12.0	495	5,940	1.4	1,025	1,435
	Press & media queries	12.6	890	11,214	12.6	890	11,214	3.3	1,070	3,531
Distributions	Secured creditors	5.8	858	4,974	58.0	677	39,260	0.4	1,070	428
	Preferential creditors	297.8	408	121,378	297.8	408	121,378	-	-	-
	Unsecured creditors	350.5	304	106,426	398.5	417	166,233	4.3	555	2,363
Total fees estimate		16,204.1	728	11,790,124	12,938.3	698	9,024,806	9,142.0	703	6,424,806



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 as yet.

Our actual disbursements are higher than we anticipated, due to higher number of creditors than estimated, higher numbers of queries to the call centre and increased IT hardware required for system back ups. We have not yet taken steps to seek approval for payment of our Category 2 disbursements and we intend to seek approval from the appropriate body in the next report period.

Category 1 Disbursements

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid	Revised Estimate
Auto / Taxi	600	447	-	447	600
Meals	1,500	1,126	-	1,126	1,500
Printing & Copying	8,000	34,681	-	34,681	55,000
Mailing Incurred	1,000	15,425	-	15,425	25,000
Train	500	143	-	143	500
Advertising costs (sle of Man)	900	288	-	288	900
Specific Penalty Bond	230	230	-	230	230
TV Licence	-	158	-	158	158
Defibrillator battery replacement	-	286	-	286	286
IT software	-	5,400	-	5,400	5,400
Total category 1 disbursements	12,730	58,183	-	58,183	89,873

Category 2 Disbursements

Specific approval is required before these costs and expenses can be drawn from the administration estate.

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

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid	Revised Estimate
Mileage	1,500	-	-	-	1,000
Data hardware	800	8,400	-	8,400	8,400
Deloitte call centre	26,000	46,556	-	46,556	90,000
Deloitte Ireland	3,000	633	-	633	633
Total category 2 disbursements	31,300	55,589	-	55,589	100,033

Deloitte call centre

Deloitte call centre costs relate to the costs of the Deloitte call centre services team. This was an in-house special services team engaged to facilitate handling of stakeholder communications on cases such as this where high call volumes are anticipated. The costs of the Deloitte call centre in this regard have been reported as disbursements as they were, (prior to 29 May 2021 when the UK Restructuring Practice of Deloitte LLP was sold to Teneo) an internal service delivery team. We will therefore seek approval from creditors before making payment to Deloitte LLP in relation to these costs and this will be done as part of the decision procedure as discussed on page 24. Their work is being charged on a time costs basis, the charge out rates for which are provided below:

Call centre charge out rates

Grade	Rate (£/hour)	Daily rate (£)
Senior Manager	256	2,045
Operations Manager	94	750
Agent	34	375

Deloitte Ireland

As indicated in our proposals, we engaged the services of Deloitte Ireland to assist with undertaking work in connection with preparation of appointment notifications and related matters. The costs of Deloitte Ireland in this regard have been reported as disbursements as they were (prior to 29 May 2021 when the UK Restructuring Practice of Deloitte LLP was sold to Teneo) an internal service delivery team. We will therefore seek approval from creditors before making payment to Deloitte Ireland in relation to these costs (which are no longer on going) and this will be done as part of the decision procedure as discussed on page 24. These costs relate to the time costs in respect of Deloitte Ireland staff. Their work is being charged on a time costs basis, the charge out rates for which are provided below:

Ireland charge out rates

Grade	Rate (£/hour)
Assistant Manager	340
Associate	180
Analyst	160
Administrator	90

Remuneration and expenses

Detailed information

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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