

AM03

Notice of administrator's proposals



Companies House

SATURDAY



A16 *A7JEI1BV* #88
24/11/2018
COMPANIES HOUSE

1 Company details

Company number	02573421
Company name in full	Northamptonshire Newspapers Limited

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

1 Administrator's name

Full forename(s)	ALASTAIR
Surname	BEVERIDGE

1 Administrator's address

Building name/number	ALIXPARTNERS UK LLP
Street	6 NEW STREET SQUARE
Post town	LONDON
County/Region	GREATER LONDON
Postcode	E C 4 A 3 B F
Country	UNITED KINGDOM

4 Administrator's name

Full forename(s)	CATHERINE
Surname	WILLIAMSON

② **Other administrator**
Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number	ALIXPARTNERS UK LLP
Street	THE ZENITH BUILDING
	26 SPRING GARDENS
Post town	MANCHESTER
County/Region	GREATER MANCHESTER
Postcode	M 2 1 A B
Country	UNITED KINGDOM

② **Other administrator**
Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6		Statement of proposals	
		☒ I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature	Signature 		
Signature date	d 2 2 m 1 1 y 2 0 y 1 8		

AM03 Notice of Administrator's Proposals



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	MICHAEL RABBITTE				
Company name	ALIXPARTNERS UK LLP				
Address	THE ZENITH BUILDING				
	26 SPRING GARDENS				
Post town	MANCHESTER				
County/Region	GREATER MANCHESTER				
Postcode	M	2		1	A B
Country	UNITED KINGDOM				
DX					
Telephone	0161 838 4511				



Checklist

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- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

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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

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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.

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1 Appointment type

Tick to show the nature of the appointment:

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

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- CVA1, CVA3, CVA4
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- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) SIMON

Surname APPELL

3 Insolvency practitioner's address

Building name/number ALIXPARTNERS UK LLP

Street THE ZENITH BUILDING

26 SPRING GARDENS

Post town MANCHESTER

County/Region GREATER MANCHESTER

Postcode M 2 1 A B

Country UNITED KINGDOM

Continuation page

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- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) PETER

Surname SAVILLE

3 Insolvency practitioner's address

Building name/number ALIXPARTNERS UK LLP

Street THE ZENITH BUILDING

26 SPRING GARDENS

Post town MANCHESTER

County/Region GREATER MANCHESTER

Postcode M 2 1 A B

Country UNITED KINGDOM

Administrators' Statement of Proposals

Johnston Publishing Limited and
certain group companies
All in Administration

22 November 2018

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1. Why this report has been prepared

- 1.1 As you will be aware Simon Appell, Alastair Beveridge, Peter Saville and Catherine Williamson (the **Administrators**) were appointed Administrators of the below companies on 17 November 2018, referred to as the **English Companies** in this report. The Administrators were also appointed administrators of Johnston Press plc (**Plc**) and certain Scottish and Northern Irish group companies on the same date. A separate report has been prepared to comply with the respective insolvency legislation applicable to the Scottish and Northern Irish group companies and has been made available to the relevant creditors.

Company name	Class	Definition
Johnston Publishing Limited	Principal	Publishing
Johnston Publications Limited	Principal	Publications
Johnston Press Bond Plc	Principal	BondCo
Ackrill Newspapers Limited	Agency	the English Agency Companies
Anglia Newspapers Limited	Agency	
Blackpool Gazette and Herald Limited	Agency	
East Lancashire Newspapers Limited	Agency	
East Midlands Newspapers Limited	Agency	
Halifax Courier Holdings Limited	Agency	
Halifax Courier Limited(The)	Agency	
Johnston Letterbox Direct Ltd.	Agency	
Johnston Publishing (North) Ltd.	Agency	
Lancashire Evening Post Limited	Agency	
Lancashire Publications Limited	Agency	
Lancaster & Morecambe Newspapers Limited	Agency	
Love News Media Ltd	Agency	
Northamptonshire Newspapers Limited	Agency	
Northeast Press Limited	Agency	
Portsmouth & Sunderland Newspapers Limited	Agency	
Portsmouth Publishing and Printing Limited	Agency	
Premier Newspapers Limited	Agency	
Regional Independent Media Group Limited	Agency	
Reporter Limited(The)	Agency	
Sheffield Newspapers Limited	Agency	
South Yorkshire Newspapers Limited	Agency	
Sussex Newspapers Ltd	Agency	
T.R. Beckett,Limited	Agency	
Wilfred Edmunds,Limited	Agency	
Yorkshire Post Newspapers Limited	Agency	
Yorkshire Regional Newspapers Limited	Agency	
Yorkshire Weekly Newspaper Group Limited	Agency	

- 1.2 This report should be read in conjunction with the Administrators' disclosure report pursuant to Statement of Insolvency Practice 16 – pre-packaged sale of business or assets (the **SIP 16 Report**), dated 22 November 2018. All definitions used in the SIP 16 Report also apply here.
- 1.3 In accordance with UK insolvency legislation, administrators are required to make a statement setting out their proposals for achieving the statutory purpose of an administration. This report and all appendices form the Administrators' proposals (the **Proposals**) and covers the period from 17 November 2018 to 22 November 2018 (the **Period**).
- 1.4 The purpose of this report is to provide statutory and financial information about the English Companies, the background to the Administrations, the Administrators' proposed strategy, details regarding the Administrators' fees and the expected outcome for each class of creditor. Statutory information relating to the English Companies is provided at Appendix B.
- 1.5 The administrator of a company must perform their functions with a view to achieving one of the following statutory objectives (in the following order of priority):
 - Objective 1: rescuing the company as a going concern;
 - Objective 2: achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or
 - Objective 3: realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.6 In all of these cases the Administrators have pursued and achieved Objective 2. Further details of how they achieved this can be found in section 5 of this report.
- 1.7 The English Companies' creditors are responsible for approving the Proposals and fees. In these cases it is proposed that the basis of the Administrators' fees and category 2 disbursements will be approved by the secured creditor only. This is with the exception of Love News Media Ltd (**LNML**), which does not have a secured creditor and in this case all approvals will be sought from the general body of creditors. Further details of the Administrators' fees and disbursements can be found at Appendices E to G.
- 1.8 With regards to LNML, the Administrators intend to seek approval of their Proposals via a deemed approval process and further details on this matter can be found in section 8 of this report.
- 1.9 More information relating to the administration process, administrators fees and creditors' rights can be found on AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>). Log-in details to access this information can be found within the covering letter you have received.

- 1.10 If you require a hard copy of this report or have any queries in relation to its contents or the Administrations generally, please contact the Johnston Press team on 0161 838 4513, by email to **johnstonpress@alixpartners.com**, or write to AlixPartners' office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

2. Summary of information for creditors

A schedule of estimated returns to the secured and unsecured creditors of each of the English Companies is provided below.

Company name	Description	Estimated debt £m	Likely level of return £m or pence/£
Johnston Publishing Limited	Secured creditor	220.2	66.6
	Unsecured creditors	1,362.6	< 1 pence/£
Johnston Publications Limited	Secured creditor	220.2	74.7
	Unsecured creditors	27.5	Nil
Johnston Press Bond plc	Secured creditor	220.2	Nil
	Unsecured creditors	0.5	Nil
Ackrill Newspapers Limited	Secured creditor	220.2	0.2
	Unsecured creditors	340.5	< 1 pence/£
Anglia Newspapers Limited	Secured creditor	220.2	Nil
	Unsecured creditors	340.5	Nil
Blackpool Gazette and Herald Limited	Secured creditor	220.2	0.3
	Unsecured creditors	340.5	< 1 pence/£
East Lancashire Newspapers Limited	Secured creditor	220.2	0.1
	Unsecured creditors	340.5	< 1 pence/£
East Midlands Newspapers Limited	Secured creditor	220.2	0.7
	Unsecured creditors	340.5	< 1 pence/£
Halifax Courier Holdings Limited	Secured creditor	220.2	0.1
	Unsecured creditors	340.5	< 1 pence/£
Halifax Courier Limited(The)	Secured creditor	220.2	0.1
	Unsecured creditors	340.5	< 1 pence/£
Johnston Letterbox Direct Ltd	Secured creditor	220.2	Nil
	Unsecured creditors	340.5	Nil
Johnston Publishing (North) Ltd	Secured creditor	220.2	Nil
	Unsecured creditors	340.5	Nil
Lancashire Evening Post Limited	Secured creditor	220.2	1.1
	Unsecured creditors	340.5	< 1 pence/£
Lancashire Publications Limited	Secured creditor	220.2	0.006
	Unsecured creditors	340.5	Nil
Lancaster & Morecambe Newspapers Limited	Secured creditor	220.2	0.1
	Unsecured creditors	340.5	< 1 pence/£
Love News Media Ltd	Secured creditor	N/A	N/A
	Unsecured creditors	1	Nil
Northamptonshire Newspapers Limited	Secured creditor	220.2	1.3
	Unsecured creditors	340.5	< 1 pence/£
Northeast Press Limited	Secured creditor	220.2	1.4
	Unsecured creditors	340.5	< 1 pence/£
Portsmouth & Sunderland Newspapers Limited	Secured creditor	220.2	0.6
	Unsecured creditors	340.5	< 1 pence/£
Portsmouth Publishing and Printing Limited	Secured creditor	220.2	2.0
	Unsecured creditors	340.5	< 1 pence/£
Premier Newspapers Limited	Secured creditor	220.2	0.5
	Unsecured creditors	340.5	< 1 pence/£
Regional Independent Media Group Limited	Secured creditor	220.2	Nil
	Unsecured creditors	340.5	Nil
Reporter Limited(The)	Secured creditor	220.2	Nil
	Unsecured creditors	340.5	Nil
Sheffield Newspapers Limited	Secured creditor	220.2	1.5
	Unsecured creditors	340.5	< 1 pence/£
South Yorkshire Newspapers Limited	Secured creditor	220.2	0.2
	Unsecured creditors	347.8	< 1 pence/£
Sussex Newspapers Ltd	Secured creditor	220.2	0.2
	Unsecured creditors	340.5	< 1 pence/£
T.R.Beckett,Limited	Secured creditor	220.2	0.3
	Unsecured creditors	340.5	< 1 pence/£
Wilfred Edmunds,Limited	Secured creditor	220.2	1.0
	Unsecured creditors	340.5	< 1 pence/£
Yorkshire Post Newspapers Limited	Secured creditor	220.2	8.9
	Unsecured creditors	340.5	< 1 pence/£
Yorkshire Regional Newspapers Limited	Secured creditor	220.2	0.2
	Unsecured creditors	342.2	< 1 pence/£
Yorkshire Weekly Newspaper Group Limited	Secured creditor	220.2	0.3
	Unsecured creditors	340.5	< 1 pence/£

Notes:

Secured creditor

Full details of the security granted by the English Companies are provided in the SIP 16 Report.

Please note that GLAS Trust Corporation Limited (**GLAS**), acting as security agent for itself and the holders of the Bonds (as defined in section 3.5) (the **Bondholders**), has in respect of the Bonds the benefit of guarantees and security granted by each of the English Companies (with the exception of LNML) and the other material companies within the Group (as defined in section 3.3) over all of their business and assets. Each of those companies is jointly and severally liable for the debts due under the terms of the Bonds.

The total principal amount due to the Bondholders as the sole secured creditors of the Group as at the date of appointment was approximately £220.2 million. It is anticipated that the Bondholders will suffer a shortfall of approximately £50.0 million, albeit until all matters relating to the Administrations are substantially concluded the exact quantum of this cannot be confirmed.

Until recently, the security agent for the Bonds had been Deutsche Bank AG (**Deutsche Bank**), and all records of charges registered at Companies House remain in Deutsche Bank's name. It is understood that GLAS is the current security agent and therefore, no reference will be made to Deutsche Bank in this report.

Preferential creditors

With regards to BondCo, Halifax Courier Holdings Limited, Johnston Publishing (North) Ltd, LNML and Portsmouth & Sunderland Newspapers Limited no preferential claims are anticipated as none of these companies had any employees.

The remaining English Companies employed a total of 1,791 employees. All employees of the English Companies have transferred automatically to entities within the JPIMedia Group of companies (**JPIMedia Group** or the **Purchasers**) in accordance with The Transfer of Undertakings (Protection of Employment) Regulations 2006 (**TUPE**). As such, no preferential claims are expected to be received in these cases.

Unsecured creditors

The Group operates certain occupational pension schemes, including a defined benefit pension plan, the Johnston Press Pension Plan (the **Pension Plan**). Publishing is the Pension Plan's contributing employer. In February 2015, all material members of the Group entered into a cross-guarantee in respect of the Pension Plan's deficit. The majority of the English Companies are therefore jointly and severally liable for this debt, which according to the directors' Statements of Affairs (**SoAs**) is estimated at £340.0 million. This is with the exception of BondCo, Publications and LNML which are not guarantors of the Pension Plan.

In addition, all UK entities in the Group (as defined in section 3.3) are part of a VAT group with HM Revenue and Customs (**HMRC**) and are therefore jointly and severally liable for any indebtedness due by any member of the VAT group. The SoAs estimate this debt as at the date of appointment to total £500,000. *Publishing also owes approximately £3.02 million to HMRC in respect of outstanding PAYE and NI contributions, and Publications owes £2.3 million in respect of Corporation Tax.*

There are also intercompany balances and a number of third party creditors with monies due which rank as unsecured debts. These amounts vary by company and are included in the estimated debts listed in the above table.

Intercompany receivables are subject to the security held by GLAS and pursuant to an inter-creditor agreement subordinated to amounts owed to the Bondholders, with any distributions received by intercompany creditors required to be held on trust for GLAS pending distribution, in accordance with the inter-creditor agreement.

Funds available for distribution and dividend rates are detailed before taking into account the estimated costs of making the distribution. The likely dividend rates are estimated and are subject to change.

In respect of unsecured creditors, UK insolvency legislation stipulates that creditors of the same class should be treated equally. Hence the funds available for distribution are split on a pro-rata basis amongst all creditors of each class, regardless of the size of their claims.

3. Background and circumstances leading to the Administrations

- 3.1 As mentioned in section 1.2, this report should be read in conjunction with the SIP 16 Report. Should you wish to receive a printed copy of the SIP 16 Report please contact the Administrators on 0161 838 4513, by email **johnstonpress@alixpartners.com** or write to AlixPartners' office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB. Alternatively, a copy can be viewed on AlixPartners' creditor portal at (**<https://www.alixpartnersinfoportal.com>**), login details have been provided in the covering letter you have received.
- 3.2 The SIP 16 Report provides full details of the English Companies' background and the events leading to the Administrators' appointments, therefore this information is not repeated here and only a brief summary is provided below.

Background summary

- 3.3 Plc and certain of its direct and indirect subsidiaries (together the **Group**) carried on business as a national, regional and local multi-media organisation providing news and information services through their portfolio of print publications, websites, digital content and social media content.
- 3.4 The Group comprises 74 companies, of which 42 have been placed into Administration. An extract from the Group structure is provided at Appendix A.
- 3.5 As detailed in the SIP 16 Report, the Group's revenue reduced from £242.1 million in 2015 to £201.6 million in 2017. In light of the deterioration of the Group's financial performance and the consequent uncertainty as to whether the Group would be able to repay or refinance the £220.0 million outstanding 8.625% senior secured notes due for repayment on 1 June 2019 issued by BondCo (the **Bonds**), in March 2017 the Group announced that it had commenced a strategic review to assess the financing options in respect of the Bonds available to the Group (the **Strategic Review**).
- 3.6 In August 2017, the Group confirmed that it had commenced initial discussions with its major stakeholders including its largest shareholders, certain holders of the Bonds (that would later go on to become members of an ad hoc committee of Bondholders (the **Ad Hoc Committee**)), the Pensions Regulator (**tPR**), the Pension Trustees and the Pension Protection Fund (**PPF**) to discuss the options available to potentially refinance the Bonds and address the pension deficit. Throughout this report the Pensions Trustees, tPR and PPF will be collectively referred to as the **Pension Parties**.
- 3.7 The Group explored a number of potential options as part of the Strategic Review, and consulted with its relevant stakeholders in relation to the same (full details are provided in the SIP 16 Report). Broadly this included consideration of the following options:
- i. Fully consensual solution
 - ii. Equity-led refinancing

- iii. Third party re-financing of the bonds
- iv. A Regulated Apportionment Arrangement in relation to the pension plan
- v. Formal Sale Process (**FSP**)

- 3.8 Additionally, both prior to and during the Strategic Review, the Group held a number of informal discussions with other media groups to explore whether a merger of the Group with such other groups, or a sale of the Group to such other groups, might be achieved. Ultimately, none of these parties were prepared to progress any such transaction although a number of them later participated in the FSP.
- 3.9 In line with the Strategic Review and in order to ensure that all possible options available to the Group were explored, the FSP was launched on 11 October 2018, seeking offers for the whole of the Group or its component parts.
- 3.10 Rothschild & Co (**Rothschild**) was instructed to undertake the FSP and as part of this process, they engaged with 63 potentially interested parties, consisting of a mix of strategic parties, financial investors and existing large equity holders. The FSP was publicly and widely reported both online and in print media by national, regional, trade, specialist and investment press, as well as newswires.
- 3.11 The deadline for indicative bids was 14 November 2018 and whilst six offers were received on and around this time (including one for the whole of the Group and five for certain parts, details of which are available in the SIP 16 Report), none of them, or any combination of them, would have resulted in aggregate net proceeds sufficient to allow the Bonds to be repaid in full.
- 3.12 In parallel with the Strategic Review, the Group, with the assistance of AlixPartners UK LLP (**AlixPartners**) also began to undertake contingency planning, to consider the possibilities and outcomes in the event no viable solvent refinancing or restructuring options were identified pursuant to the Strategic Review (the **Contingency Planning**).
- 3.13 The advisors to the AdHoc Committee (the **Ad Hoc Committee Advisers**) had indicated that the Ad Hoc Committee would support, as a fall-back option in the event that the Strategic Review did not identify any viable solvent refinancing or restructuring options, a transaction whereby the Bondholders would acquire the businesses and assets of the Group via a pre-packaged through an Administration (the **Transaction**), but only in circumstances where there were no viable solvent solutions.
- 3.14 It was considered that effecting such a transaction would require significant planning and preparatory work, but that if an insolvency of the Group could not be avoided the Transaction would significantly reduce disruption to the business, preserve the employment of approximately 2,000 staff across the Group and, ultimately, maximise returns for the Group's creditors as a whole. Accordingly, the Contingency Planning included detailed planning and preparatory work for a potential transaction.

- 3.15 The Ad Hoc Committee Advisers, had incorporated a group of companies that would be ready to purchase the business and assets of the Group pursuant to the Transaction, if required. Full details of the JPIMedia Group are available in the SIP 16 Report.
- 3.16 The Strategic Review did not deliver any viable solvent refinancing or restructuring options in respect of the Bonds.
- 3.17 Following consideration of the insolvent options available to the Group, the directors resolved to apply to the courts in England, Scotland and Northern Ireland for administration orders, taking into account legal advice received, directors' fiduciary duties and wrongful trading considerations. The directors concluded that the filings needed to be made on an urgent basis in view of these considerations and should occur as early as possible on 17 November 2018.
- 3.18 Accordingly, a court hearing was held and the Administrators were appointed by the English Courts over the English Companies on 17 November 2018. The Administrators were also appointed administrators of certain Scottish and Northern Irish group companies on the same date, by the Scottish and Northern Irish courts, respectively.
- 3.19 The Administrators, having concluded that the sale of the businesses and substantially all of the assets of the Group to JPIMedia Group represented the best available outcome for the creditors of each of the English Companies and the wider group in the circumstances, completed the Transaction on 17 November 2018, shortly after their appointment.
- 3.20 The consideration received by the Administrators from JPIMedia Group had an aggregate value of £181.0 million, further details of which are provided at section 5.

4. The objective of the Administrations

- 4.1 The first objective under an administration regime is based on the survival of a company which is generally achieved through a Company Voluntary Arrangement (**CVA**) or Scheme of Arrangement (**Scheme**) under part 26 of the Companies Act 2006.
- 4.2 Following the pre-appointment assessment of the strategic options available to the Group, the Administrators considered that the first objective could not be achieved. A CVA was not considered to be an appropriate method of implementing agreements with either of the material creditors, being the Pension Parties and the Bondholders, primarily on the basis that:
- no commercial agreement had been reached with and between the Pension Parties and the Bondholders;
 - a CVA cannot be used to bind secured creditors to an agreement in any event, and so a separate process would have been required to document any agreement with the Bondholders;
 - any compromise agreement with the Pension Parties could have been implemented via a bi-lateral agreement with the Group, avoiding the additional expense and inclusion in negotiation of other unsecured creditors, which would have been required under a CVA; and
 - CVAs can take several weeks to implement and usually become public knowledge. Such a process would have caused unnecessary disruption to the ongoing business and potentially damaged the Group's value.
- 4.3 The Administrators therefore pursued the second objective of achieving a better result for the English Companies' creditors as a whole than would be likely if they were wound up (without first being in Administration). The Administrators have achieved this objective by completing the steps outlined in section 5.
- 4.4 Full details of the proposed exit routes to the Administrations are noted in Appendix H.

5. The Administrators' strategy and steps taken to date

- 5.1 *The Administrators can confirm that the pre-packaged sale of certain of the Group's business and assets (as detailed in the SIP 16 Report and summarised below) has enabled asset realisations to be maximised and mitigated creditor claims.*
- 5.2 The Administrators determined that the pre-packaged sale of the Group's assets as a whole would achieve significantly higher realisations for the assets, particularly in respect of the intellectual property and rights to titles, than would be achievable in a liquidation or on a break-up basis.
- 5.3 Liquidations of the English Companies would have taken longer to initiate and would have required them to cease trading. The negative publicity associated with this and disruption to the business would have significantly reduced the realisable value of the assets.
- 5.4 In addition, the Transaction has reduced the level of claims against the English Companies, as the employment of all of the employees has been preserved.
- 5.5 Finally, as the companies in the Group are largely all jointly and severally liable for the most significant debts, being the secured debt due to the Bondholders, VAT due to HMRC and the Pension Plan deficit, maximising the value of each company's assets has ensured creditors as a whole receive the best return possible in the circumstances, whilst ensuring that cross-guaranteed liabilities across the Group have been reduced.
- 5.6 The Transaction has therefore enabled the objective of the Administrations as detailed in section 4 to be achieved.

The Transaction

- 5.7 As mentioned above, the Sale and Purchase Agreement (**SPA**) with the Purchasers completed on 17 November 2018, and took effect from the same date. The sale was completed by the English Companies, acting by their Administrators.
- 5.8 The SPA provided for the sale of the businesses as a going concern and substantially all of the assets of the English Companies, excluding the following assets, which will be realised by the Administrators during the course of the Administrations:
- certain non-core leasehold properties;
 - certain low value freehold properties;
 - certain company records;
 - potential tax assets;
 - shares in certain dormant or subsidiary Group companies; and
 - minority shareholdings in third parties.
- 5.9 The sale consideration totalling £181.0 million was allocated in the SPA amongst each of the English Companies and the relevant Scottish and Northern Irish companies (which are reported separately). The Administrators present the sales consideration of the Group as a whole as follows.

Asset class	Sale consideration – fixed charge £000	Sale consideration – floating charge £000	Sale consideration – total £000
Publishing titles	74,770	37,419	112,189
Goodwill	11,341	-	11,341
Freehold properties	6,875	4,495	11,370
Leasehold properties	-	6	6
Plant & machinery	-	9,609	9,609
Stock	-	2,190	2,190
Book debts - intercompany	-	1,000	1,000
Book debts – trade debtors	-	23,338	23,338
Book debts – prepayments	-	862	862
Other receivables	-	4,740	4,740
Fixtures & fittings	-	3,942	3,942
Cost funding	-	414	414
Total	92,985	88,015	181,000

Note: the above table may be subject to small rounding differences.

- 5.10 The Transaction consideration from the Purchasers comprised of cash and non-cash consideration as follows:
- Cash of £8.0 million; £4.7 million of which was paid on completion, with the balance being deferred (see section 5.13 below);
 - A promissory note convertible into £85.0 million of debt instruments of the JPIMedia Group (the **Debt Note**); and
 - A promissory note convertible into 100% of the equity of JPIMedia Group's holding company (the **Equity Note**) valued at £88.0 million.
- 5.11 Immediately following completion of the Transaction and receipt of the consideration, the Administrators distributed the Equity Note and the Debt Note to GLAS as security agent for the Bondholders as the Group's sole secured creditors. The notes had an aggregate value of £173.0 million, thereby discharging an equivalent amount of outstanding Bonds owed by BondCo and guaranteed by all material members of the Group.
- 5.12 The cash consideration received (or receivable over the course of the Administrations) by the English Companies is permitted to be applied by the Administrators only for the purpose of:
- discharging certain costs and expenses of the Administrations; and
 - making prescribed part distributions to unsecured creditors (see section 7.6), calculated in accordance with the statutory formula by reference to the floating charge recoveries in the English Companies.

- 5.13 The balance of the cash consideration of £3.3 million is payable to the extent that the above specified costs are incurred, in accordance with payment terms agreed with the JPIMedia Group. As part of the terms of the SPA, the Administrators have taken fixed charge security over a freehold property sold to the JPIMedia Group to secure the obligations of the JPIMedia Group to pay the deferred cost consideration referred to above. This security covers an amount of approximately £1.4 million.
- 5.14 The Receipts and Payments Accounts at Appendix D provide details of the sales consideration received by each of the English Companies individually by asset class. Please note that for the majority of the English Agency Companies, their only realisable assets were their publishing titles.
- 5.15 It is proposed that the Administrators continue to manage the affairs of the English Companies in order to facilitate a transfer of the business and assets to the Purchasers and to deal with any assets excluded from the Transaction. In addition to their statutory objective, the Administrators have duties imposed by insolvency and other legislation and their regulating professional bodies. The Administrators intend to take the following steps to fulfil their duties.

Realisation of assets – floating charge

Freehold properties

- 5.16 As detailed at section 5.8, certain freehold properties were excluded from the Transaction. The Administrators are reviewing recent valuations provided by GVA Grimley Limited (**GVA**) along with legal advice concerning the legal and beneficial ownership of the properties to determine the most appropriate realisation strategy for each property. A further update will be provided in the next report.

Investments

- 5.17 The English Companies have shareholdings in other Group companies as detailed on the group structure in Appendix A; however, as the wider group has either been placed into an insolvency procedure or the companies are dormant and hold no assets, the Administrators do not anticipate realising any value from these investments.
- 5.18 Certain of the English Companies also have minority shareholdings in third party investments. In particular, Portsmouth & Sunderland Newspapers Limited (**Portsmouth**) and Halifax Courier Holdings Limited (**Halifax**) have minority shareholdings in PA Group Limited. The Administrators are working to understand if these shareholdings are subject to pre-emption rights and this will be investigated further as part of the asset realisation strategy. An update on all investments will be provided in the next report.

Leasehold properties

- 5.19 The English Companies operated from 89 properties. The Purchasers have been *granted licences to occupy 68 of these leasehold premises whilst they negotiate new arrangements with the landlords of these sites over the coming months. In the interim the Purchasers will pay licence fees to the relevant entity named on each lease to cover all rent and any other amounts falling due under the leases to these premises.*
- 5.20 As detailed at section 5.8, eleven leasehold properties and one freehold property were excluded from the SPA. GVA was instructed by Plc on 2 October 2018 to value these leases. The Administrators are reviewing the valuations of the *excluded properties and discussing these with GVA along with legal advice concerning the legal and beneficial ownership of the properties, to determine the most appropriate realisation strategy. Following this review, if there is deemed to be only limited value in these assets and they are not cost-effective to pursue, no further work will be undertaken.*

Potential tax assets

- 5.21 At this early stage of the Administrations it has not yet been possible to establish whether there are any potential realisations from this asset class; however, the Administrators will review the financial records and previous tax returns to establish whether there are any realisable tax assets for the benefit of the English Companies' creditors.

Cash at bank

- 5.22 On appointment Publishing held approximately £1.2 million cash at bank. The Administrators have instructed the bank to freeze the pre-appointment account and transfer the balance to the Administration account. The directors have also advised that an amount of approximately £0.4 million is held by the Group's bank in respect of cash cover for certain bank facilities, which may be recoverable. This is in progress and the recovery will be shown in the next report.

Administration (including statutory reporting)

- 5.23 In addition to their duties relating to realising and distributing the assets of the English Companies, the Administrators must comply with certain statutory compliance matters in accordance with the Insolvency Act 1986. These include, *notifying the stakeholders of the appointment, preparing bi-annual reports to creditors advising of the progress of the Administrations and liaising with employees. The Administrators are responsible for liaising with HMRC to determine the final position in respect of corporation tax, PAYE, VAT and other taxes that may be owed by or to the Companies, and for filing tax returns for the duration of the Administrations, for each company as required.*
- 5.24 In order to ensure the matters of the Administrations are being progressed sufficiently, the Administrators have a duty to conduct periodic case reviews and complete case checklists. In addition, the Administrators' treasury function will also comply with cash accounting requirements including raising payments, *processing journal vouchers and posting receipts, preparing bank reconciliations and statutory returns.*

- 5.25 The time taken for statutory tasks is largely fixed, insofar as the cost of preparing a report to creditors or filing an annual return is similar for most cases, except where cases are very large or complex such as certain of the English Companies. Where the costs of statutory compliance and reporting to creditors exceeds the initial estimate, it will generally be because the duration of the case has been longer than expected, due to for example protracted realisation of assets, and therefore additional periodic reports have had to be prepared and distributed to stakeholders.

Investigations

- 5.26 The Administrators will conduct investigations into the conduct of the directors and transactions entered into prior to the English Companies' insolvency, as required by the Company Directors Disqualification Act 1986, and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administrations and Insolvent Liquidations. Based on the outcome of the investigations, further steps may need to be taken, details of which will be provided in the next report to creditors. The Administrators' duty is to conduct an initial review to determine whether there are matters which require further investigation, and if so, whether there is a realistic prospect of recovering assets for the insolvent estates for the benefit of creditors.
- 5.27 The Administrators also have a duty to consider the conduct of those who have been directors of the English Companies at any time during the last three years, and to provide information to the Insolvency Service in respect of that conduct and the circumstances regarding the Companies' insolvency. The Insolvency Service will use this information to assess whether there are matters that require them to take action against the directors to prevent them from controlling other companies. The information provided to the Insolvency Service is confidential and is not available to creditors.
- 5.28 A questionnaire is available on AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>) for completion by creditors to assist the Administrators in their investigations. If there are matters that you consider the Administrators should be aware of please attach details to the questionnaire and return it to AlixPartners' offices at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB. This request forms part of the Administrators' statutory duties and does not imply any criticism of the directors.

Creditors (claims and distribution)

- 5.29 The Administrators will liaise with and provide reports to the secured creditors to keep them updated on the progress of the Administrations. The Administrators will also deal with unsecured creditor correspondence, telephone calls and email queries. Where sufficient funds are available, they will also agree the claims of unsecured creditors, calculate the dividends and make distributions.
- 5.30 The Administrators will be required to undertake work in respect of the key pension stakeholders which will include the issue of all statutory notifications and providing information in respect of the relevant reports that are available. Should there be any additional information requests regarding the Transaction, the Administrators will be required to comply with these as well as providing ongoing communications in respect of the progress of the Administrations.

Johnston Publishing Limited and certain group companies – all in Administration (the **English Companies**)

- 5.31 With regards to BondCo, the Administrators will deal with bondholder queries, take appropriate steps to provide notifications regarding ongoing conduct and, if appropriate, handle all matters in respect of the listings with the Irish Stock Exchange.

6. Financial position and Administrators' Receipts and Payments Accounts

Financial position

Due to the number of companies and length of each document, the SoAs for each of the English Companies, together with a list of creditors' names, addresses and details of their claims, including any security held, are provided as an attachment separate to this report. The SoAs are available for viewing and downloading from AlixPartners' creditor portal.

The Administrators have the following observations to make in relation to the SoAs.

General

- As is normal, the SoAs are presented before the provision for the costs of the Administrations. The returns to creditors are therefore higher than anticipated.
- All estimated to realise amounts in the SoAs are based on the consideration received by the respective company under the terms of SPA.
- Each of the English Companies (with the exception of LNML) and the majority of the other companies within the Group have guaranteed the Bonds, for which GLAS act as Security Agent. As such, each guarantor company is jointly and severally liable for the debts due in respect of the Bonds.
- No interest or penalties in respect of the Bonds have been accounted for in the SoAs.
- As previously advised, the inter-company balances (other than those relating to the Irish Companies) are subject to the security held by GLAS. Pursuant to an inter-creditor agreement between GLAS and certain other former lenders to the Group, intercompany debtors are subordinated to amounts owed to the Bondholders in the event of a default, with any distributions received by intercompany creditors being required to be held on trust for GLAS pending distribution in accordance with the inter-creditor agreement.
- All of the English Companies are part of a VAT Group with HMRC and are jointly and severally liable for any indebtedness due in respect of the VAT. The SoAs estimate this debt to total £500,000. Publishing also owes approximately £3.02 million to HMRC in respect of outstanding PAYE and National Insurance contributions.
- All employees of the English Companies have transferred automatically as part of the Transaction and in accordance with TUPE. As such, no preferential claims are expected to be received in these cases.
- Where personal information of an individual was provided in the original signed SoAs, for the purpose of reporting to creditors, this information has been redacted to comply with Data Protection provisions.

Publishing, Publications and BondCo

- Publishing was the primary operating member of the Group and owned the majority of its physical assets. Publishing owned a small number of titles, but primarily provided central services to the Group.
- Publications operated the 'i' national newspaper business. This entity also owned certain physical assets. Publications has not provided a guarantee in respect of the Pension Plan.
- BondCo's main purpose was as issuer of the £225.0 million 8.625% senior secured notes (of which £5.0 million have been repurchased by the Group since the Bonds were issued) listed on the Irish Stock Exchange. The proceeds of the bond issue were subsequently loaned to Plc. Therefore, *BondCo has no realisable assets detailed in its SoA. BondCo has not provided a guarantee in respect of the Pension Plan.*

English Agency Companies

- The English Agency Companies have no fixed charge assets.
- As reported, Portsmouth and Halifax have a minority interest in PA Group Limited. The current value attributed to this shareholding is based on the value reported in their annual accounts, split proportionately between Portsmouth and Halifax (in accordance with the respective shareholding). The Administrators will be taking steps to agree an asset realisation strategy shortly.
- The English Agency Companies had no trade creditors due to the nature of the Group's operations, whereby all costs related to titles owned by the English Agency Companies were incurred by Publishing pursuant to agency and licencing agreements.

Administrators' Receipts and Payments Accounts (R&P)

A summary of receipts and payments for each entity is attached at Appendix D. All accounts are prepared on a cash basis.

The receipt and distribution of the Debt Note and the Equity Note are reflected across each of the R&Ps. The R&Ps do not, however, yet reflect the cash element of the transaction consideration as at the time of preparation this had not been transferred into the Administration accounts.

Publishing holds approximately £1.2 million in its pre-appointment bank account. This account has been frozen and steps are being taken to transfer this balance to the Administration account. It is therefore not yet reflected on the R&P for this case.

BondCo and a number of the Agency Companies did not have any realisable assets and their R&Ps are currently at nil. The Purchasers have agreed to fund these Administrations by way of a contribution to costs, namely professional fees and disbursements, as and when they have been incurred.

7. Estimated outcome for creditors

Secured creditor – GLAS Trust Corporation Limited

- 7.1 Each of the English Companies granted fixed and floating charges to GLAS in its capacity as security agent for the payment and satisfaction of secured liabilities owed to the Bondholders. This is with the exception of LNML which has no outstanding charges. Details of all the outstanding charges are provided in the SIP 16 Report.
- 7.2 A security review was conducted in September 2018 and the Group's solicitors confirmed the validity of the security. The consideration of the Transaction has been allocated between fixed and floating charge assets in line with the advice received and funds have been distributed accordingly, as detailed on the R&Ps at Appendix D.
- 7.3 At the date of appointments the secured creditor was owed approximately £220.16 million (excluding interest and charges) under its security. It is anticipated that the secured creditor will suffer a significant shortfall in respect of its security from the Group, which based on current information is expected to be in the region of £50 million.
- 7.4 Estimated returns from each of the English Companies are provided at section 2. In aggregate a distribution of approximately £173 million across the Group has been made to date. Returns from the insolvent Scottish and Northern Irish companies in the Group have been reported separately.

Preferential creditors

- 7.5 As detailed in section 2, all employees were transferred under TUPE as part of the Transaction, there are therefore no preferential creditors anticipated across the Group.

Unsecured creditors' funds

- 7.6 Where there is a floating charge which was created on or after 15 September 2003, the Administrators are required to create a fund from the company's net property available for the benefit of the unsecured creditors (**Unsecured Creditors' Fund** or **UCF**), also known as the 'Prescribed Part'.
- 7.7 As all floating charges granted by the English Companies post-date 15 September 2003, there is a requirement to create Unsecured Creditors' Funds, should the English Companies have sufficient net floating charge realisations to do so.

7.8 The table below details the estimated net property and resulting UCF in each case. All returns are detailed before the costs of making the distributions, where applicable.

Company name	Estimated net property £'000	Estimated UCF £'000
Johnston Publishing Limited	49,800	600 ¹
Johnston Publications Limited	Nil	Nil
Johnston Press Bond plc	Nil	Nil
Ackrill Newspapers Limited	247	52.4
Anglia Newspapers Limited	Nil	Nil
Blackpool Gazette and Herald Limited	440	91
East Lancashire Newspapers Limited	143	31.6
East Midlands Newspapers Limited	897	182.4
Halifax Courier Holdings Limited	176	38.2
Halifax Courier Limited (The)	178	38.6
Johnston Letterbox Direct Ltd.	Nil	Nil
Johnston Publishing (North) Ltd.	Nil	Nil
Lancashire Evening Post Limited	1,375	278
Lancashire Publications Limited	6	TBC ²
Lancaster and Morecambe Newspapers Limited	140	31
Love News Media Ltd	N/A	N/A ³
Northamptonshire Newspapers Limited	1,575	318
Northeast Press Limited	1,697	342
Portsmouth & Sunderland Newspapers Limited	728	149
Portsmouth Publishing and Printing Limited	2,441	491
Premier Newspapers Limited	642	131.4
Reporter Limited (The)	Nil	Nil
Regional Independent Media Group Limited	Nil	Nil
Sheffield Newspapers Limited	1,930	389
South Yorkshire Newspapers Limited	269	56.8
Sussex Newspapers Ltd	290	61
T.R.Beckett,Limited	439	90.8
Wilfred Edmunds,Limited	1,290	261
Yorkshire Post Newspapers Limited	9,490	600 ¹
Yorkshire Regional Newspapers Limited	233	49.6
Yorkshire Weekly Newspaper Group Limited	440	91

Notes

¹ £600,000 is the maximum UCF.

² As the company's net property is less than the prescribed minimum of £10,000, the Administrators will assess the cost of making a distribution to unsecured creditors to see if this would be disproportionate to the benefits. Should this be the case the UCF will not apply.

³ As LNML has not granted a floating charge the UCF does not apply. In any event it is not anticipated that there will be any surplus funds available for unsecured creditors of this company.

- 7.9 Where dividends are anticipated to be available, creditors of those companies are invited to submit details of their claims to this office, using the Proof of Debt form that can be downloaded from AlixPartners' creditor portal. Creditors must detail the relevant company name to ensure their claims are lodged against the correct entity and to avoid claims being rejected. Any claims received will be held on file until the Administrators are in a position to make a distribution.
- 7.10 If the amount owed according to the English Companies' records is less than £1,000 inclusive of VAT, creditors are not required to submit a proof in order to be entitled to any dividend paid in respect of that debt and no further action is required. However, if there is a difference between the amount creditors believe to be owed and the company's records, or should you wish to participate in any decisions made by creditors, a Proof of Debt form is required.
- 7.11 In the cases where it is estimated that there will be insufficient funds to enable a return to unsecured creditors, those creditors are not invited at this stage to submit their claims, however, should they wish to do so claims will be held on file. As there is no prospect of paying a dividend to unsecured creditors in these cases, funds are not available to cover the costs of acknowledging receipt of claims submitted in these specific circumstances.

8. What happens next

Approval of Proposals

All English Companies (excluding Love News Media Ltd)

- 8.1 The Administrators think that these companies have insufficient property to enable distributions to be made to their respective unsecured creditors other than via the Unsecured Creditors' Funds, where applicable. As a result, the Administrators are not required to seek a decision from the unsecured creditors as to whether they approve the Proposals.
- 8.2 Creditors whose debts amount to at least 10% of the total debts of a company may however request that approval of the Proposals is given via a formal decision of creditors. Any requests for a decision procedure must be made in writing on or before 7 December 2018.
- 8.3 If creditors wish for such a decision to be made by a physical meeting of creditors, then the threshold required is either 10 creditors, 10% by value of creditors or 10% of the number of creditors of the relevant company. If you wish for a meeting to be held, you must notify us in writing on or before 7 December 2018.
- 8.4 If a decision is not requisitioned by creditors by **7 December 2018** the Proposals will be deemed to have been approved.

Love News Media Ltd

- 8.5 As LNML does not have a secured creditor, the Administrators are seeking a decision from the general body of creditors as to whether they approve the Proposals. In order to minimise costs, the decision will be sought via deemed consent. Notices will be sent to the relevant creditors seeking their consent.
- 8.6 Creditors can also request that approval of the Proposals is given via a decision process, which may include holding a physical meeting of creditors, up to 14 days from receipt of the Proposals.
- 8.7 The Administrators are only required to hold an initial creditors' meeting if creditors whose aggregated claims are equal to or greater than 10% by value, 10% by number, or 10 in number request it. If you wish for a meeting to be held, you must notify us in writing on or before 4 December 2018.
- 8.8 If a meeting is not requisitioned by creditors by this date, and creditors vote in favour of the resolution by correspondence, the Proposals will be approved.
- 8.9 Also, in the absence of a creditors' committee being established, the creditors will be asked to approve the basis of the Administrators' fees and category 2 disbursements and discharge of the Administrators' liability.

Next report

- 8.10 The Administrators are required to provide a progress report within one month of the end of the next six month period.

For and on behalf of
The English Companies

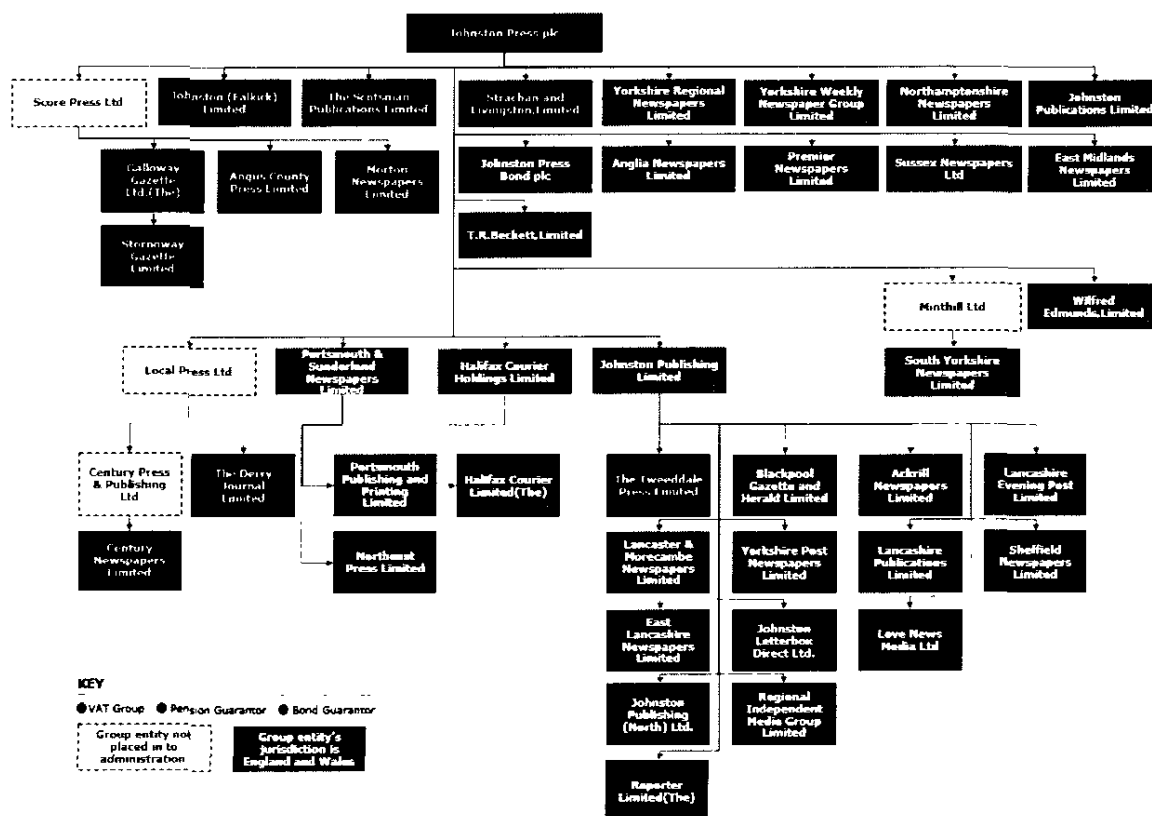
A handwritten signature in black ink, appearing to be 'AM' with a long vertical line extending downwards from the 'M'.

Alastair Beveridge
Administrator

Encs

Appendix A. Extract from Group structure

The Group companies which have been placed into Administration are highlighted on the structure chart below. This includes the relevant Scottish and NI companies (highlighted in dark blue).



Appendix B. Statutory information

Company information

All statutory information including the following has been appended to the SIP 16 Report, which has been provided together with the Proposals.

- Company names and registered numbers.
- Registered office addresses and the former registered office addresses.
- Any trading names and addresses.
- Court details and reference numbers.
- Details of all the outstanding registered charges.

Details of the English Companies' directors and secretary are detailed below. There have been no resignations since the Administrators' appointments.

The group structure details the 100% shareholder of each limited company.

Company name	Position and name	Date appointed
Johnston Publishing Limited	Directors	
	Michael Butterworth	29/06/2018
	David John King	01/06/2013
	Secretary	
	Peter McCall	02/11/2009
Johnston Publications Limited	Directors	
	Michael Butterworth	29/06/2018
	David John King	09/02/2016
	Secretary	
	Peter McCall	09/02/2016
Johnston Press Bond plc	Directors	
	Michael Butterworth	29/06/2018
	David John King	23/06/2014
	Secretary	
	Peter McCall	23/06/2014
Ackrill Newspapers Limited	Directors	
	David John King	01/06/2013
	Secretary	
	Peter McCall	02/11/2009
Anglia Newspapers Limited	Directors	
	Michael Butterworth	24/09/2018
	David John King	01/06/2013
	Secretary	
	Peter McCall	01/07/2011
Blackpool Gazette and Herald Limited	Directors	
	David John King	01/06/2013

	Secretary Peter McCall	01/09/2010
East Lancashire Newspapers Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	01/09/2010
East Midlands Newspapers Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
Halifax Courier Holdings Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	02/11/2009
Halifax Courier Limited(The)	Directors David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
Johnston Letterbox Direct Ltd.	Directors David John King	01/06/2013
	Secretary Peter McCall	02/11/2009
Johnston Publishing (North) Ltd.	Directors David John King	01/07/2013
	Secretary Peter McCall	02/11/2009
Lancashire Evening Post Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
Lancashire Publications Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	01/09/2010
Lancaster & Morecambe Newspapers Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
Love News Media Ltd	Directors David John King	03/07/2015
	Secretary Peter McCall	03/07/2015
Northamptonshire Newspapers Limited	Directors Michael Butterworth	24/09/2018
	David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
Northeast Press Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
Portsmouth & Sunderland Newspapers Limited	Directors David John King	01/06/2013
	Secretary	

	Peter McCall	02/11/2009
Portsmouth Publishing and Printing Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	19/08/2010
Premier Newspapers Limited	Directors Michael Butterworth	24/09/2018
	David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
Sheffield Newspapers Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
South Yorkshire Newspapers Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
Sussex Newspapers Ltd	Directors David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
T.R. Beckett, Limited	Directors Michael Butterworth	24/09/2018
	David John King	01/06/2013
	Secretary Peter McCall	19/08/2010
Reporter Limited(The)	Directors David John King	01/07/2013
	Secretary Peter McCall	02/11/2009
Regional Independent Media Group Limited	Directors Michael Butterworth	24/09/2018
	David John King	01/07/2013
	Secretary Peter McCall	02/11/2009
Wilfred Edmunds, Limited	Directors Michael Butterworth	24/09/2018
	David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
Yorkshire Post Newspapers Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	02/11/2009
Yorkshire Regional Newspapers Limited	Directors Michael Butterworth	24/09/2018
	David John King	01/06/2013
	Secretary Peter McCall	01/07/2011
Yorkshire Weekly Newspaper Group Limited	Directors David John King	01/06/2013
	Secretary Peter McCall	01/07/2011

Appointor's information

Court	Court name
High Court of Justice	Business and Property Courts of England and Wales, Insolvency and Companies list

Administrators' information

Name	Address	IP number	Name of authorising body
Simon Jonathan Appell	AlixPartners, 6 New Street Square, London, EC4A 3BF	9305	Insolvency Practitioners Association
Alastair Paul Beveridge	AlixPartners, 6 New Street Square, London, EC4A 3BF	8991	Insolvency Practitioners Association
Peter Mark Saville	AlixPartners, 6 New Street Square, London, EC4A 3BF	9029	Insolvency Practitioners Association
Catherine Mary Williamson	AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	15570	Insolvency Practitioners Association

The validity of the security has been confirmed by the Administrators' legal advisor, Ashurst LLP.

The Insolvency Regulation Recast (EU) 2015/848 applies to the Administrations. The proceedings are main proceedings as defined by article 3 of the Regulation. The English Companies are based in the UK.

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

Appendix C. Directors' Statements of Affairs of the English Companies as at 17 November 2018

SoAs for all of the English Companies are available for viewing on AlixPartners' creditor portal (www.alixpartnersinfoportal.com).

For the purpose of filing this report at Companies House, only a copy of the SoA for the respective company detailed in the covering letter has been provided.

Statement of affairs

Name of Company
Northamptonshire Newspapers Limited

Company number
02573421

In the
High Court of Justice, Business and Property Courts
of England and Wales, Insolvency and Companies list

Court case number
CR-2018-009912

(a) Insert name and address and registered office of the company Statement as to the affairs of
Northamptonshire Newspapers Limited
Unex House – Suite B, Bourges Boulevard,
Peterborough, Cambridgeshire, PE1 1NG

(b) Insert date on (b)
17 November 2018

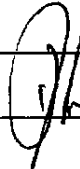
Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above company as at (b)
17 November 2018

Full name David King

Signed

Dated 21 November 2018



A - Summary of Assets

Northamptonshire Newspapers Limited

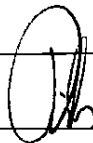
ASSETS

	Book Value £	Estimated to Realise £
Assets subject to floating charge:		
Intangible assets - publishing titles	-	1,605,000
Book debts - intercompany	-	-
Estimated total assets available for preferential creditors	-	1,605,000

A1 - Summary of Liabilities

	Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from page A)	1,605,000
Liabilities	
Preferential creditors	-
Estimated deficiency/surplus as regards preferential creditors	1,605,000
Estimated prescribed part of net property where applicable (to carry forward)	324,000
Estimated total assets available for floating charge holders	1,281,000
Debts secured by floating charges (fixed charge shortfall)	(220,161,000)
Estimated deficiency/surplus of assets after floating charges	(218,880,000)
Estimated prescribed part of net property where applicable (brought down)	324,000
Total assets available to unsecured creditors	324,000
Unsecured creditors - HMRC	(500,000)
Unsecured creditors - pension plan	(340,000,000)
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	(340,176,000)
Shortfall to preferential creditors	-
Shortfall to floating charge holder (brought down)	(218,880,000)
Estimated deficiency/surplus as regards creditors	(559,056,000)
Issued and called up share capital	(79,166)
Estimated total deficiency/surplus as regards members	(559,135,166)

Signature



Date

21/11/18

COMPANY CREDITORS AND SHAREHOLDERS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers owing amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession

Norhamptonshire Newspapers Limited

Name of Creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor and date given	Value of security £
HM Revenue and Customs	HM Revenue and Customs, B29 1AX	(500,000)		
Johnston Press Pension plan	Johnston Press Pension plan, 148 Edmund Street, Birmingham, B3 2JR	(340,000,000)		
£225 million 8.625% senior secured notes	c/o GLAS, 45 Ladgate Hill, London, EC4M 7JU	(220,161,000)	23/06/2014	(220,161,000)
TOTAL:		(560,161,000)		

Name of Ordinary Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of shares held
Johnston Press plc	Orchard Brae House, 30 Queensberry Road, Edinburgh, EH4 2HS	79,186	79,186.00	
TOTALS		79,186	79,186.00	

Name of Preference Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of shares held
Johnston Press plc	Orchard Brae House, 30 Queensberry Road, Edinburgh, EH4 2HS	10	0.01	
TOTALS		10	0.01	

Signature

Date

21/11/18

Appendix D. Administrators' Receipts and Payments Accounts for the period 17 November 2018 to 22 November 2018

Johnston Publishing Limited

	£
Fixed charge assets	
Receipts	
Freehold property	6,875,000
Intellectual property and goodwill	10,551,000
	17,426,000
Payments	-
Distributions	
Fixed chargeholder	17,426,000
	(17,426,000)
Balance of fixed charge assets	-
Floating charge assets	
Receipts	
Freehold properties	2,981,000
Publishing titles	15,000
Leasehold properties	5,000
Plant and machinery	9,585,000
Stock	2,190,000
Debtors and prepayments	24,979,000
Other receivables	4,419,000
Fixtures and fittings	3,821,000
Cash at bank	-
	47,995,000
Payments	-
Distributions	
Floating chargeholder	47,995,000
	(47,995,000)
Balance of floating charge assets	-
Total balance	-
Represented by	
Interest bearing accounts	-
	-

Johnston Publications Limited

	£
Fixed charge assets	
Receipts	
Publishing titles	74,651,000
	74,651,000
Payments	-
Distributions	
Fixed chargeholder	74,651,000
	(74,651,000)
Balance of fixed charge assets	-
Floating charge assets	
Receipts	-
Payments	-
Balance of floating charge assets	-
Total balance	-
Represented by	
Interest bearing accounts	-
	-

Johnston Press Bond plc

	£
Floating charge assets	
Receipts	
	-
Payments	
	-
Balance of floating charge assets	-
Total balance	-
Represented by	
Interest bearing account	-
	-

English Agency Companies

	Acknill Newspapers Limited £	Anglia Newspapers Limited £	Blackpool Gazette and Herald Limited £	East Lancashire Newspapers Limited £	East Midlands Newspapers Limited £	Halifax Courier Holdings Limited £
Floating charge assets						
Receipts						
Intellectual property	195,000	-	349,000	111,000	715,000	-
	195,000	-	349,000	111,000	715,000	-
Distributions						
Floating chargeholder	195,000	-	349,000	111,000	715,000	-
	(195,000)	-	(349,000)	(111,000)	(715,000)	-
Balance of floating charge assets	-	-	-	-	-	-
Represented by						
Interest bearing account	-	-	-	-	-	-
	-	-	-	-	-	-

	Halifax Courier Limited(The) £	Johnston Letterbox Direct Ltd £	Johnston Publishing (North) Ltd. £	Lancashire Evening Post Limited £	Lancashire Publications Limited £	Lancaster & Morecambe Newspapers Limited £
Floating charge assets						
Receipts						
Intellectual property	139,000	-	-	1,097,000	6,000	109,000
	139,000	-	-	1,097,000	6,000	109,000
Distributions						
Floating chargeholder	139,000	-	-	1,097,000	6,000	109,000
	(139,000)	-	-	(1,097,000)	(6,000)	(109,000)
Balance of floating charge assets	-	-	-	-	-	-
Represented by						
Interest bearing account	-	-	-	-	-	-
	-	-	-	-	-	-

	Love News Media Ltd £	Northampton- shire Newspaper Limited £	Northeast Press Limited £	Portsmouth & Sunderland Newspapers Limited £	Portsmouth Publishing and Printing Limited £	Premier Newspapers Limited £
Floating charge assets						
Receipts						
Intellectual property	-	1,257,000	1,355,000	-	1,539,000	511,000
	-	1,257,000	1,355,000	-	1,539,000	511,000
Distributions						
Floating chargeholder	-	1,257,000	1,355,000	-	1,539,000	511,000
	-	(1,257,000)	(1,355,000)	-	(1,539,000)	(511,000)
Balance of floating charge assets	-	-	-	-	-	-
Represented by						
Interest bearing account	-	-	-	-	-	-
	-	-	-	-	-	-

Johnston Publishing Limited and certain group companies – all in Administration (the **English Companies**)

	Regional Independent Media Group Limited £	Reporter Limited (The) £	Sheffield Newspapers Limited £	South Yorkshire Newspapers Limited £	Sussex Newspapers Ltd £	T.R. Beckett, Limited £
Floating charge assets						
Receipts						
Intellectual property	-	-	1,539,000	212,000	229,000	348,000
	-	-	1,539,000	212,000	229,000	348,000
Distributions						
Floating chargeholder	-	-	1,539,000	212,000	229,000	348,000
	-	-	(1,539,000)	(212,000)	(229,000)	(348,000)
Balance of floating charge assets	-	-	-	-	-	-
Represented by						
Interest bearing account	-	-	-	-	-	-

	Wilfred Edmunds, Limited £	Yorkshire Post Newspapers Limited £	Yorkshire Regional Newspapers Limited £	Yorkshire Weekly Newspaper Group Limited £
Floating charge assets				
Receipts				
Intellectual property	1,029,000	8,885,000	183,000	349,000
	1,029,000	8,885,000	183,000	349,000
Distributions				
Floating chargeholder	1,029,000	8,885,000	183,000	349,000
	(1,029,000)	(8,885,000)	(183,000)	(349,000)
Balance of floating charge assets	-	-	-	-
Represented by				
Interest bearing account	-	-	-	-

Appendix E. Administrators' fees and disbursements

Administrators' fees

The basis of the Administrators' fees may be fixed on one or more of the following bases, and different bases may be fixed for different duties performed by the Administrators:

- a percentage of the value of the assets with which they have to deal;
- by reference to time properly spent by them and their staff dealing with matters arising in the Administrations; or
- as a set amount.

With regards to Publishing, Publications and BondCo it is proposed that the bases of the Administrators' fees shall be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administrations. An estimate of the time costs is provided below.

With regards to the English Agency Companies (except Portsmouth and Halifax), it is proposed that the basis of the Administrators' fees shall be fixed as a set amount of £25,000. An estimate of the time costs is therefore not required for this report. Based upon the Administrators' prior experience, and the size and complexity of these appointments, the Administrators believe that a fixed fee of £25,000 represents the costs that will be reasonably incurred for the duration of each of these Administrations.

For Portsmouth and Halifax, it is proposed that a set fee is charged in respect of all work, with the exception of the realisation of these companies' minority shareholding in PA Group Limited. The costs associated with realising this asset are proposed to be charged on the basis of time costs and an estimate of these costs is provided below.

If creditors resolve to establish a committee, it shall as part of the committee's duties to determine the basis or bases of the Administrators' fees and authorise their disbursements.

Subject to the approval of the relevant creditors, it is proposed that the Administrators will draw fees when funds are available.

Pre-administration costs

The costs incurred by AlixPartners relate to work undertaken to support the Group in preparation for a potential insolvency appointment. AlixPartners was engaged on a time costs basis by Johnston Press Plc, subject to a variation letter to the initial engagement of March 2017, dated 13 August 2018.

AlixPartners liaised with the Group regarding contingency planning in the event that a solvent solution could not be achieved. The work undertaken prior to the Administration included sale negotiations and preparation of SIP 16 statements for the group, as well as preparation of draft proposals and initial notifications in order to comply with regulatory requirements regarding prompt circulation of these documents to creditors after executing the sale. By the nature of a pre pack sale, this work was required to be completed prior to the appointment of administrators, thereby enabling the statutory objective of the Administrations to be achieved. A more detailed account of the work that was done can be found in the SIP 16 Report.

Johnston Publishing Limited and certain group companies – all in Administration (the **English Companies**)

All associated pre-appointment costs have been paid by the Group and total £251,807 across all of the Group companies which have been placed into Administration.

Administrators' fee estimate - Publishing, Publications and BondCo only

Details of the work that the Administrators envisage being required to achieve their selected objective, and to comply with the statutory and regulatory duties that are imposed upon them as a consequence of their appointments are set out in section 5. The anticipated amount of work in each case and the costs associated with it are set out below.

Publishing

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Trading	737	400	294,800
Realisation of assets	785	469	368,000
Administration (including statutory reporting)	621	384	238,750
Investigations	150	418	62,700
Creditors (claims and distribution)	389	465	180,800
Total	2,682	427	1,145,050

Publications

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Trading	35	429	15,000
Realisation of assets	144	465	67,000
Administration (including statutory reporting)	150	433	65,000
Investigations	48	431	20,700
Creditors (claims and distribution)	126	444	56,000
Total	503	444	223,700

BondCo

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Administration (including statutory reporting)	139	396	55,000
Investigations	32	438	14,000
Creditors (claims and distribution)	80	413	33,000
Total	251	406	102,000

Administrators' fee estimate - Halifax Courier Holdings Limited and Portsmouth & Sunderland Newspapers Limited only

Details of the work that the Administrators envisage being required to realise the minority shareholding in the PA Group Limited are set out in section 5. The anticipated amount of work in each case and the costs associated with it are set out below.

Halifax Courier Holdings Limited

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Realisation of assets	46	435	20,000

Portsmouth & Sunderland Newspapers Limited

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Realisation of assets	70	429	30,000

The above estimates are based on information which has been made available to the Administrators to date. Should any matters arise, such as investigatory matters and/or additional realisable assets, further time may be incurred dealing with such matters. Similarly if the Administrators encounter any protracted realisations, such as delays incurred dealing with the remaining properties, further time may be incurred in finalising matters. If applicable, the Administrators will advise creditors in further communications.

Administrators' disbursements

The below table details the anticipated category 1 disbursements which will be incurred by the Administrators on each case. It is anticipated the disbursements will be approximately the same cost in each case; however, those that will not have funds for a distribution to unsecured creditors will have reduced advertising and postage costs.

In addition, as the primary operating member of the Group, Publishing, will pay for the storage of all records estimated to cost £20,000. This will have no impact on the return to the unsecured creditors of Publishing as a maximum UCF will be set aside at this company.

	Publications, Publishing and BondCo Anticipated cost per entity £	English Agency Companies Anticipated cost per entity £
Category 1 disbursements:		
Specific penalty bond	225	225
Statutory advertising	170	170
Stationery and postage	5,000	50
Telephone charges	50	50
Re-direction of mail	160	160
Total	5,605	655

Johnston Publishing Limited and certain group companies – all in Administration (the **English Companies**)

The Administrators require prior approval from the secured creditors to draw category 2 disbursements. This is with the exception of LNML which will require approval from the general body of creditors. The request to draw these disbursements will be issued to the relevant creditors with this report. Category 2 disbursements are set out in Appendix G.

Expenses of the Administrations

The below table details the anticipated expenses which will be incurred by third parties whilst dealing with each of the Administrations.

£	Anticipated cost - Publishing	Anticipated cost - Publications	Anticipated cost - BondCo	Anticipated cost - English Agency Companies
Legal costs	300,000	50,000	50,000	3,000
Insurance	6,000	100	-	100*
Total	306,000	50,100	50,000	3,100

*This includes only public liability cover and will only be incurred by Johnston Publishing (North) Limited and Northamptonshire Newspapers Limited. It is not anticipated that any of the other English Agency Companies will incur such costs as they do not hold any properties.

Appendix F. Administrators' details of time spent to date

Publishing, Publications and BondCo

It has not been possible to provide accurate time analyses for each of the English Companies as there is a delay in processing time through the Administrators' internal system. Given the Administrators have only been appointed for a very few days, the time that has been charged is not significant relative to the overall estimate and a full analysis will be provided in the next report. Details of the work undertaken to date are in section 5.

English Agency Companies

On these assignments the Administrators will charge a fixed fee. There is therefore no requirement to provide time analyses for these cases.

Appendix G. Additional information in relation to the Administrators' fees

Policy

Detailed below is AlixPartners' policy in relation to:

- staff allocation and the use of sub contractors;
- professional advisors; and
- disbursements.

Staff allocation and the use of sub contractors

The Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a managing director or director, a senior vice president or vice president and a consultant. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule overleaf provides details of all grades of staff.

With regard to support staff, the Administrators advise that time spent by their treasury department in relation to specific tasks on an assignment is charged. The Administrators only seek to charge and recover secretarial time if a large block of time is incurred, eg report compilation and distribution.

The Administrators have not yet utilised the services of any sub contractors in these cases.

Professional advisors

On these assignments the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Ashurst LLP (legal advice)	Hourly rate and disbursements
Aon Plc (Insurance)	Risk based premium
MacRoberts LLP (legal advice)	Hourly rate and disbursements

The Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignments and the basis of their fee arrangement with them.

Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel, external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by the Administrators and their staff.

Approval for category 2 disbursements will be sought as specified in section 1 of this report and may include:

- photocopying – charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying;
- printing – charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour; and
- business mileage for staff travel – charged at the rate of 45 pence per mile.

Charge-out rates

A schedule of AlixPartners' charge-out rates for these assignments effective from 1 January 2018 is detailed below. Time is charged by case staff in units of six minutes.

Description	£
Managing director	645 - 705
Director	615
Senior vice president	520
Vice president	380 - 465
Consultant	210 - 315
Treasury and support	105 - 250

Appendix H. Exit routes and discharge from liability

Dissolution

In respect of those companies that the Administrators think a dividend will be paid to the unsecured creditors from the Unsecured Creditors' Fund (as detailed at section 7.6), the Administrators will file a notice together with their final progress reports at court and with the Registrar of Companies for the dissolution of each entity once all funds have been distributed. The Administrators will send copies of these documents to the relevant company and its creditors. Each Administration will end following the registration of the notice by the Registrar of Companies.

With regards to the companies where the Administrators think that the companies have no property which might permit a distribution to their unsecured creditors, the Administrators will file notices together with their final progress reports at court and with the Registrar of Companies for the dissolution of each company once all statutory matters have been completed. The Administrators will send copies of these documents to the relevant company and its creditors. Each Administration will end following the registration of the notice by the Registrar of Companies.

Compulsory liquidation

A liquidator of a company has certain powers such as the ability to disclaim onerous contracts or assets that are not available to an administrator. If such powers become necessary, the Administrators may make an application to court to end the relevant company's Administration and request that the court places that company into compulsory liquidation. The Administrators will send notice of any such application to the relevant company and its creditors.

Discharge from liability

With regards to the English Agency Companies, the Administrators are seeking approval for their discharge from liability from the relevant creditors. It is proposed that the Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointment as Administrators ceases to have effect.

The Administrators will seek the same approval in respect of Publishing, Publications and BondCo in due course; however, as there are still assets to realise and other matters in the Administrations to deal with, it is not appropriate to do so at this time.

Administrators' Disclosure Report pursuant to Statement of Insolvency Practice (**SIP**) 16 – pre-packaged sales in administrations

Johnston Press Plc and certain group
companies

In Administration

22 November 2018

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Appendices

Appendix A.	A listing of the Companies and statutory information
Appendix B.	Summarised Group structure
Appendix C.	Sales consideration allocation

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1. Why this document has been prepared

- 1.1 The term pre-packaged sale refers to an arrangement under which the sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the sale on, or shortly after, their appointment (a **Pre-Pack**).
- 1.2 In many cases there is a high level of interest from creditors, the public and the business community in a Pre-Pack. For that reason, the professional bodies that regulate the insolvency profession have stipulated that transparency in such circumstances is of primary importance.
- 1.3 An insolvency practitioner is required to clearly differentiate the roles that are associated with a Pre-Pack, that is, the provision of advice to a company before any formal appointment and the functions and responsibilities of the administrator following appointment.
- 1.4 An administrator of a company must perform their functions with a view to achieving one of the following statutory objectives (in the following order of priority):
 - Objective 1: rescuing a company as a going concern;
 - Objective 2: achieving a better result for a company's creditors as a whole than would be likely if a company were wound up (without first being in administration); or
 - Objective 3: realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.5 Simon Appell, Alastair Beveridge, Peter Saville and Catherine Williamson (the **Administrators**) were appointed administrators of Johnston Press Plc and certain group companies (the **Companies**, as listed at Appendix A) on 17 November 2018. An explanation of the work undertaken by the Administrators' prior to their appointment is given in section 3 of this report.
- 1.6 In accordance with SIP 16, the Administrators are required to provide creditors with a detailed narrative explanation and justification of why a Pre-Pack has been undertaken and to demonstrate that this has been done with due regard to the creditors' interests.
- 1.7 In this case the objective pursued by the Administrators for each of the Companies was Objective 2. The Administrators confirm that the transaction, details of which are provided in this report, has enabled the statutory purpose of Objective 2 to be achieved for each of the Companies and that the outcome achieved is the best available outcome for the creditors of each of the Companies as a whole in the circumstances.
- 1.8 Further information regarding the administrations of the Companies (the **Administrations**) generally and the outcome for creditors will be provided in the Administrators statement of proposals. The statement of proposals is available to be downloaded from AlixPartners' creditor portal, using the log in details sent to creditors.

- 1.9 If you require a hard copy of this report or have any queries in relation to its contents or the Administrations generally, please contact AlixPartners' Johnston Press team on 0161 838 4513, by email at johnstonpress@alixpartners.com, or write to AlixPartners' office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

2. Background

Group structure

- 2.1 Johnston Press plc (**Plc**) and its direct and indirect subsidiaries (together, the **Group**) carried on business as a national, regional and local multi-media organisation providing news and information services through their portfolio of print publications, websites, digital content and social media content.
- 2.2 The Group comprises 74 entities, of which 42 (the Companies) have been placed in to Administration. Statutory information relating to the Companies is included in Appendix A, and a summarised Group structure chart is included in Appendix B. The activities of the Companies prior to the transaction can be summarised as follows:

Entity / category	Description
Plc	The ultimate holding company of the Group and issuer of London Stock Exchange (LSE) listed equity. Plc was also party to a limited number of trading contracts and operational activities.
Johnston Publishing Limited (Publishing)	The primary operating member of the Group which owned most of its physical assets. Publishing employed approximately 500 staff. Publishing owned a small number of titles, but primarily provided central services for the Group and licenced titles from the Agency Companies under the terms of certain agency and license agreements. It also provided printing services for several third-party customers.
Johnston Publications Limited (Publications)	Owned and operated the "i" national newspaper business. Publications also owned certain physical assets and had approximately 80 employees.
Johnston Press Bond Plc (BondCo)	The issuer of £225.0 million 8.625 per cent senior secured notes due 1 June 2019 (the Bonds) listed on the Irish Stock Exchange (ISE). The proceeds from the issuance of the Bonds in 2014 were loaned to Plc.
Agency Companies (38)* <i>*as listed at Appendix A</i>	Owned certain of the Group's intellectual property (IP) and titles. Some of the Agency Companies also had employees and minor property interests. Collectively, the Agency Companies had approximately 1,600 employees in total. Each Agency Company operated on a nil profit/loss basis, whereby under the terms of certain agency and license agreements with Publishing, any costs incurred by the Agency Companies were met by Publishing. The Agency Companies implemented this by charging Publishing a licence fee equivalent to the level of cost incurred. The agency and licence agreements are terminable upon the insolvency of Publishing.

- 2.3 The Group's print portfolio consisted of 198 titles (including editions), 172 paid-for newspapers (including 14 daily titles), 17 free newspapers and eight magazines, and included the "i" national newspaper, The Scotsman, The Yorkshire Post, and the News Letter (Northern Ireland).

Financing

- 2.4 In 2014, BondCo issued the Bonds in connection with a broader capital refinancing plan for the Group. The Bonds were issued at 98% of par, i.e. at a discount of £4.5 million, and are repayable on 1 June 2019. During 2015, £5.0 million of the Bonds were repurchased and retired by BondCo, so that £220.0 million of the Bonds remained outstanding as at the time the Companies entered administration. The Bonds have been trading materially below par for some time and shortly prior to the appointment of the Administrators were trading at approximately 52% of their par value and at relatively low volumes.
- 2.5 The Bonds are guaranteed by all material members of the Group, on a senior-secured basis. The summarised Group structure chart at Appendix B indicates which of the Companies is a guarantor and security provider in respect of the Bonds. The security agent for the Bonds is GLAS Trust Corporation Limited (**GLAS**).
- 2.6 Until recently, the security agent for the Bonds had been Deutsche Bank AG, and records of all charges registered at Companies House remain in Deutsche Bank AG's name. The statutory information listed in Appendix B to this report therefore makes reference to Deutsche Bank AG rather than GLAS.

Pension Scheme

- 2.7 The Group has certain occupational pension schemes, including a defined benefit pension plan, the Johnston Press Pension Plan (the **Pension Plan**). Publishing is the Pension Plan's statutory employer.
- 2.8 The Group's latest consolidated statutory accounts show that as at 31 December 2017 the Pension Plan had a funding deficit of approximately £47.2 million on an FRS17 basis. On a 'buy-out basis' the deficit as at 31 March 2018, was approximately £420.0 million. A more recent estimate of the 'buy-out basis' deficit is approximately £340.0 million.
- 2.9 In April 2014 the trustees of the Pension Plan (the **Pension Trustees**) and the Group entered in to a framework agreement (the **Framework Agreement**) in connection with the broader capital refinancing plan for the Group referred to above, that determined a recovery plan for the deficit that required the Group to make specific enhanced contributions over a ten-year period. The additional contributions required under the terms of the Framework Agreement were based on 31 December 2012 valuations of the Pension Plan deficit.

- 2.10 In February 2015, all material members of the Group entered into a cross-guarantee in respect of the Pension Plan's deficit and the obligations of the Framework Agreement. The Group structure chart at Appendix B indicates which of the Companies is a guarantor of the Pension Plan. Notably, Publications and BondCo are not guarantors of the Pension Plan deficit. Publications was not incorporated and did not acquire the "i" business until April 2016 after the cross-guarantee was implemented, and BondCo was incorporated solely for the purposes of issuing the Bonds.
- 2.11 The cross-guarantee in respect of the Pension Plan's deficit is unsecured.

HMRC VAT group

- 2.12 Each of the Companies is part of a VAT Group with HM Revenue & Customs (**HMRC**) and is jointly and severally liable for any VAT liabilities of the Companies and certain other members of the Group.

Recent trading history

- 2.13 A summary of the Group's recent financial performance is provided below:

£million	FY15	FY16*	FY17	H118
Revenue	242.1	222.7	201.6	93.0
Cost of sales	(139.9)	(143.5)	(135.7)	(61.7)
Gross profit	102.1	79.2	65.9	31.3
Operating expenses	(66.6)	(58.4)	(52.7)	(20.4)
Impairments	(35.2)	(344.3)	(64.4)	(3.5)
Operating (loss)/profit	0.3	(323.5)	(51.2)	7.4
Financing	1.9	22.8	(43.8)	(1.2)
Taxation	8.5	53.4	16.4	(2.4)
(Loss)/profit from continuing operations	10.7	(247.3)	(78.6)	3.7

* as restated in FY17

- 2.14 The Group's principal revenue streams comprised newspaper sales, print and digital advertising and contract printing. Regional and local newspaper print circulation has been in decline over a sustained period, as consumption has trended toward digital products and online media.
- 2.15 The impact of these trends has resulted in reductions in like-for-like revenue reduction on many of the Group's regional titles, though the reduction in revenues from £242.1 million in 2015 to £201.6 million in 2017 has also been impacted by disposals of certain of the Group's businesses and the acquisition of the "i" title.

- 2.16 The "i" newspaper business has performed well since its purchase by Publications in April 2016. Like-for-like revenues for the "i" increased from £18.5 million in 2016 to £22.9 million in 2017, and total revenue to £30.6 million in 2017. Like-for-like adjusted EBITDA (excluding central costs) increased from £3.3 million in 2016 to £7.6 million in 2017 and total EBITDA to £9.3 million in 2017.
- 2.17 In consideration of the challenging trading environment, in recent years the Group implemented several strategic and operational measures and has been able to remain cash generative at an operational level. However, the Group continued to face the challenge of addressing its long-term debt and other liabilities.

Strategic review

- 2.18 In light of the deterioration of the Group's financial performance and the *consequent uncertainty as to whether the Group would be able to repay or refinance the Bonds as would be required in June 2019*, in March 2017 the Group announced that it had commenced a strategic review to assess the financing options in respect of the Bonds available to the Group (the **Strategic Review**).
- 2.19 In August 2017, the Group confirmed that it had commenced initial discussions with its major stakeholders including its largest shareholders, certain holders of the Bonds (that would later go on to become members of an ad hoc group of holders of the Bonds (the **Ad Hoc Committee**)), the Pension Trustees, and the Pensions Regulator (**tPR**). The primary options discussed with stakeholders as part of the Strategic Review were as follows:
- i. **Fully Consensual Solution** – this option would have involved:
- the Pension Trustees agreeing to amend certain actuarial and technical assumptions in their assessment of the Pension Plan deficit and reduce the required level of the Group's annual contributions towards the deficit;
 - the holders of the Bonds (the **Bondholders**) exchanging some or all of their Bonds for a majority stake in Plc, thereby reducing or removing the obligation of BondCo (and other material companies within the Group as guarantors) to repay or refinance the Bonds in June 2019; and
 - shareholders being invited to invest new equity in the Group to avoid dilution of their existing equity interests.

The Group held initial discussions regarding the fully-consensual solution with the Pension Trustees, who provided constructive feedback and cooperation with regards to progressing the proposals for certain amendments to the assumptions relating to the assessment of the Pension Plan deficit.

The Group then held initial discussions regarding the fully-consensual solution with both the financial and legal advisors (the **Ad Hoc Committee Advisers**) to the **Ad Hoc Committee** and tPR and the Pension Protection Fund (the **PPF**) (together with the Pension Trustees and the tPR, the **Pension Parties**).

Following these discussions, tPR and the PPF expressed some reservations regarding the potential amendments, and the Ad Hoc Committee Advisers informed the Group that the fully-consensual solution would not be acceptable to the Ad Hoc Committee (and likely not acceptable to other Bondholders) on the basis that it would not deliver appropriate value to the Bondholders as it would put the Bondholders in a substantially weaker position in relation to other creditors, including the Pension Plan, than they had currently within the Group's capital structure.

On this basis, the Group could not reach an agreement in respect of the fully-consensual solution.

- ii. **Equity-led Refinancing** – throughout the Strategic Review, the Group sought to engage with certain of Plc's largest shareholders to determine whether they would be prepared to provide additional equity (or other funding) to the Group with a view to refinancing or restructuring the Bonds. The directors of Plc met with one of Plc's major shareholders in September 2018, and invited that shareholder and others to submit proposals to the directors of Plc for consideration; however, no such proposals (or any proposals regarding the refinancing or restructuring of the Bonds generally) were received from those shareholders.

In addition, the eight largest shareholders of Plc were each invited to participate in the FSP (as defined below). However, no shareholders submitted an offer for the Group, or its parts, by the FSP deadline.

- iii. **Third party refinancing of the Bonds** – between June and September 2018, N M Rothschild & Sons Limited (**Rothschild & Co**), the Group's financial adviser, was instructed by Plc to engage with potential lenders across the high yield bond (**HYB**), credit fund and bank financing markets to gauge appetite to provide or arrange financing for the business on a variety of bases.

Rothschild & Co commenced discussions in June and July 2018 with two HYB arranging banks, two credit funds and two clearing banks. The feedback received was that there were concerns about the sector (given the rate of decline) and that the debt capacity of the business was substantially lower than the level of the Bonds. Each of the parties approached declined to progress the opportunity further, and it was concluded that a refinancing would not be a viable option.

- iv. **A Regulated Apportionment Arrangement (RAA) in relation to the Pension Plan** – in July 2018, the Group approached the Pension Parties to discuss a potential RAA in respect of the Pension Plan, whereby the Pension Plan would enter the PPF in consideration for a cash payment to the PPF and the issuance to the PPF of shares in the holding company of the restructured Group. An arrangement of that nature would have effectively enabled the Group to detach itself from its liabilities in respect of the Pension Plan, which would have addressed the Ad Hoc Committee's key concern regarding the fully-consensual solution referred to above.

The Group made an indicative RAA proposal to the PPF on 4 October 2018, noting that should the proposal be acceptable from the perspective of the

Pension Parties, that it would, as a next step, need to be agreed with the Bondholders.

The PPF advised the Group that as part of any RAA, in line with tPR guidance, it would require a cash payment of a material amount relative to the Pension Plan deficit and a stake of at least 33% of the equity in the restructured Group.

This feedback was shared by the Group with the Ad Hoc Committee Advisers, who assessed the RAA against the other options available to the Bondholders.

Following further discussions between the Group, the Pension Parties and the Ad Hoc Committee Advisers in October and November 2018, it became apparent that, despite considerable efforts made by each of those parties, no agreement could be reached between them, in particular with respect to the amount of the cash payment and the equity stake in the restructured Group to be issued to the PPF as part of any RAA.

- v. **Formal Sale Process (FSP)** - the directors of Plc considered that the Group should be marketed for sale in order to explore whether or not a purchaser for the Group on a solvent basis could be identified.

On 11 October 2018, Plc commenced the FSP in accordance with the City Code on Takeover and Mergers. As part of this process, Rothschild & Co corresponded with 63 potentially interested parties, consisting of a mix of strategic parties (that is, third parties operating in the same sectors as the Group), financial investors (such as private equity firms) and Plc's eight largest shareholders.

As detailed further in section 4 of this report, although several offers were received for the Group, and for certain parts of it; none of those offers, or any combination of them, would have resulted in aggregate net proceeds sufficient to enable the Group to repay the Bonds in full.

Merger with or sale to other media groups

- 2.20 Both prior to and during the Strategic Review, the Group held a number of informal discussions with other media groups to explore whether a merger of the Group with such other groups, or a sale of the Group to such other groups, might be achieved. Ultimately, none of these parties were prepared to progress any such transaction although a number of them later participated in the FSP.

Contingency Planning

- 2.21 In parallel to the Strategic Review, the Group also commenced contingency planning, to consider the possibilities and outcomes in the event that there were no viable solvent refinancing or restructuring options in respect of the Bonds (the **Contingency Planning**).
- 2.22 In connection with the Group's Contingency Planning, the Ad Hoc Committee Advisers indicated that the Ad Hoc Committee would support, as a fall-back option in the event that the Strategic Review did not identify any viable solvent refinancing or restructuring options, a transaction whereby the Bondholders would acquire the businesses and assets of the Group via a Pre-Pack.
- 2.23 It was considered that effecting such a Pre-Pack would require significant planning and preparatory work, but that if an insolvency of the Group could not be avoided, a Pre-Pack would significantly reduce disruption to the business, preserve the employment of over 2,000 staff and, ultimately, maximise returns for the Group's creditors as a whole. Accordingly, the Group's Contingency Planning included detailed planning and preparatory work for a Pre-Pack.
- 2.24 As part of this work the Group liaised with the Ad Hoc Committee Advisers to put in place a contingency plan that would allow the businesses and assets of the Companies to be transferred to a group of companies owned by the Bondholders in a timely and co-ordinated manner in the event that an insolvency of the Group could not be avoided, provided that such a transaction represented the best available outcome for the creditors of each of the Companies as a whole in the circumstances. Such planning also helped to ensure that the Group was ready to assess other offers that may have required a Pre-Pack.

End of Strategic Review

- 2.25 As indicated above, and as detailed further in section 4 of this report, the Strategic Review did not deliver any viable solvent refinancing or restructuring options in respect of the Bonds.
- 2.26 Following the end of round one of the FSP, pursuant to which no viable solvent offers were received, the directors of the Companies (the **Directors**) concluded that there was no longer a reasonable prospect of the Companies avoiding insolvent liquidation or administration. Until that time, the Directors had concluded that there was a reasonable prospect of either a solvent sale resulting from offers in the FSP and/or an RAA being implemented.
- 2.27 Following consideration of the insolvent options available to the Group (as detailed further in section 6 of this report), the Directors resolved to apply to the courts in England, Scotland and Northern Ireland for administration orders in respect of each of the Companies, taking into account legal advice received, directors' fiduciary duties and wrongful trading considerations. The Directors concluded that the filings needed to be made on an urgent basis in view of these considerations and should occur as early as possible on 17 November 2018.

- 2.28 Following approval from the respective courts, the Administrators were appointed over each of the Companies on 17 November 2018. The sale of the businesses and substantially all of the assets of the Companies to JPIMedia Group was completed on the same day (the **Transaction**), the Administrators having concluded that the Transaction represented the best available outcome for the creditors of each of the Companies as a whole in the circumstances.
- 2.29 The consideration received by the Administrators from JPIMedia Group had an aggregate value of £181.0 million.
- 2.30 Full details of the consideration received is provided in section 9 of this report, and the allocation of the sales consideration among the Companies and asset classes is detailed in Appendix C.
- 2.31 Immediately following receipt of this consideration, the Administrators made a distribution to GLAS as security agent for the Bondholders, being the Group's sole secured creditors. Upon receipt of this distribution, £173.0 million of outstanding Bonds owed by BondCo and guaranteed by all material members of the Group were discharged.

3. Initial introduction and pre-appointment work carried out

- 3.1 AlixPartners Services UK LLP (now AlixPartners UK LLP) (**AlixPartners**) was introduced to Plc by Rothschild & Co, the Group's financial adviser, in May 2017. At this time, as mentioned above, the directors of Plc were concerned as to whether the Group would be able to repay or refinance the Bonds as would be required in June 2019 and had commenced the Strategic Review.
- 3.2 AlixPartners was initially engaged by Plc under an engagement letter dated 23 May 2017. As a result of the requirements of the Strategic Review, AlixPartners' scope of work was extended, and was documented in formal variation letters as noted below:
- Phase 1 – under an engagement letter dated 23 May 2017, AlixPartners was engaged to provide analytical support and advice in respect of certain contingency planning and insolvency options.
 - Phase 2 – on 6 November 2017 AlixPartners' engagement was extended to refresh the analysis undertaken in Phase 1 and also to prepare an estimated outcome statement in respect of an insolvency of the Group.
 - Phase 3 – On 29 January 2018 AlixPartners' engagement was extended to work with the Group and their legal advisers to perform high level contingency planning in respect of a potential insolvency appointment over Plc and/or certain companies within the Group and to advise as to the impact of an insolvency on the Group, should the alternative options pursued as detailed in section 2 not prove feasible.
 - Phase 4 – On 13 August 2018 AlixPartners was engaged to support the Group in planning and preparing for a potential insolvency appointment over Plc and/or certain companies within the Group. This included:
 - input into the planning for and oversight of the FSP;
 - support to the Group in respect of its detailed preparation for a potential insolvency; and
 - detailed preparatory work required to ensure that certain individuals at AlixPartners would be able to accept appointments as administrators and proceed to implement an appropriate Administration strategy, if required.

4. Marketing activities conducted

Marketing essentials

- 4.1 In line with the Strategic Review, and in order to ensure that all possible options available to the Group for the refinancing or repayment of the Bonds were explored, Plc launched the FSP on 11 October 2018, seeking offers for the whole of the Group or its component parts.
- 4.2 Rothschild & Co, a global advisory firm with historic knowledge of the business and a global network of potentially interested parties, was instructed to undertake the FSP.
- 4.3 In line with the Contingency Planning, AlixPartners was also engaged to monitor the FSP and prepare for a potential insolvency of the Group if the FSP did not identify any purchaser for the Group on a solvent basis and there were no viable alternative solvent solutions for the Group.
- 4.4 When considering launching the FSP, Rothschild & Co and the Group undertook an assessment of the optimum way to maximise value for the Group in the event of a sale. This considered a range of potential outcomes including a sale of the whole of the Group, a sale of certain flagship and high-profile titles, as well a sale of certain of the Group's operations in parts. It was concluded from this work that a sale of the Group as a whole was likely to generate the maximum value for all creditors, however offers in the FSP would be sought on a variety of bases in order to ensure that all options were fully explored.
- 4.5 Prior to the FSP commencing, Rothschild & Co and AlixPartners identified a range of strategic parties and financial investors that might have been interested in purchasing the Group or its component parts.
- 4.6 A detailed public information pack containing the Group's recent statutory annual reports, investor presentations, market and analyst reports, Group announcements and relevant news coverage was collated by Rothschild & Co. This information was then made available to the parties identified.

FSP launch and coverage

- 4.7 On 11 October 2018, the launch of the FSP was announced via the Regulatory News Service, an LSE owned communications channel. An announcement was also placed on the Group's corporate website.
- 4.8 This was publicly and widely reported both online and in print media by national, regional, trade, specialist and investment press, as well as newswires. Press sources included BBC News, the Financial Times, Bloomberg, The Times, the Sun and numerous regional news sources. Additionally, the news was heavily discussed on social media platforms.
- 4.9 The Group's Chief Executive, Mr David King, also spoke directly with certain media and financial news outlets to discuss the FSP, as well as certain Members of Parliament who spoke publicly about the FSP.

FSP implementation

4.10 The FSP was carried out as follows:

- *11 October 2018* – Rothschild & Co publicly launched the FSP, setting a deadline for indicative offers of 14 November 2018. As Plc's equity is listed on the LSE, the FSP was carried out under the relevant provisions of the City Code on Takeovers and Mergers.
- *11 October 2018 – 14 November 2018* – Rothschild & Co contacted and liaised with all parties identified as potential acquirers of the Group and all other parties who expressed an interest in the FSP.

In total, Rothschild & Co engaged with 63 parties during phase one of the FSP, comprising 32 potential strategic parties (that is, third parties operating in the same sectors as the Group), 23 financial parties (such as private equity firms), and the eight largest shareholders (which are referred to above). Of those, 35 chose to receive a pack of publicly available information about the Group and the process letter.

Additionally, where parties indicated an interest in only parts of the Group or individual titles then, upon signing a confidentiality agreement, further sales and profitability information specific to those companies or titles was made available.

- *14-16 November 2018* – six offers were received by the Group, including one for the whole of the Group and five for certain specific parts. A summary of the offers is as follows:
 - *Offer 1* – an offer for the whole of the Group for between £140.0 to £150.0 million. The offer assumed no Pension Plan deficit and assumed that £10.0 million of cash or cash equivalents would be available upon completion. Consideration was to be paid in cash and the intention was to proceed to a binding offer within five weeks of receipt of due diligence information.
 - *Offer 2* – an offer for the whole of the Group excluding the "i" of £96.0 to £120.0 million. The offer assumed no Pension Plan deficit. Consideration was to be paid in cash and due diligence was to take place over four weeks.
 - *Offer 3* – an offer for the "i" of £25.0 million. Consideration was to be paid in cash and due diligence was to take place over four weeks.
 - *Offer 4* – an offer for the "i" of £35.0 million. Consideration was to be paid in cash and due diligence was to take place over six to eight weeks.
 - *Offer 5* – an offer for the Sheffield Star, Sheffield Telegraph and Doncaster Free Press titles of £2.5 million, subject to a condition that certain transitional arrangements would be provided. Consideration was to be paid in cash. No timeline for due diligence was provided.

- Offer 6 – an offer for the Observer Series and West Sussex Gazette titles of £30,000. Consideration was to be paid in cash. No timeline for due diligence was provided.
- 14-16 November 2018 – Rothschild & Co liaised with certain of the bidders to clarify various aspects of their offers.
- 16 November 2018 - the Directors consulted with Rothschild & Co and the Group's other professional advisers, including AlixPartners as prospective administrators, to review the offers received. Ultimately, it was considered that none of the offers received, or any combination of them, would result in aggregate net proceeds sufficient to enable the Group to repay the Bonds in full.

Offer from the Ad Hoc Committee

- 4.11 The Group and AlixPartners, as prospective administrators of the Companies, consulted with the Ad Hoc Committee Advisers regarding the options available to the Group and the Bondholders, in their capacity as the sole secured creditors of the Group, following the conclusion of the FSP.
- 4.12 On 16 November 2018, Rothschild & Co provided an anonymised summary of the offers received to the Ad Hoc Committee Advisers. The Ad Hoc Committee Advisers noted that none of the offers received, or any viable combination of them, would have provided sufficient net proceeds to enable the Group to repay the Bonds in full, and advised that, therefore, none of the offers would be acceptable to the Bondholders.
- 4.13 As noted earlier in this report, as part of the Contingency Planning the Ad Hoc Committee Advisers had indicated that the Ad Hoc Committee would support, as a fall-back option in the event that the Strategic Review did not identify any solvent refinancing or restructuring options, a transaction that would transfer the businesses and assets of the Companies to a group of companies controlled by the Bondholders via a Pre-Pack.
- 4.14 During the Contingency Planning, the Ad Hoc Committee Advisers had incorporated a group of companies, JPIMedia Group (as defined in section 9 of this report), that would be ready, should the Group file for insolvency, to purchase the business and assets of the Group via a Pre-Pack if the Bondholders wished to implement such a transaction.
- 4.15 The Ad Hoc Committee Advisers informed the Group that as their clients did not consider any of the offers received during the FSP to be sufficiently attractive and given that there was no reasonable prospect of achieving an RAA, their clients wished instead to effect an acquisition of the businesses and substantially all of the assets of the Group by JPIMedia Group.

- 4.16 The transaction proposed by JPIMedia Group would transfer the business and assets of the Group for £181.0 million, payable by:
- Cash of £8.0 million;
 - A promissory note convertible to £85.0 million of debt instruments of JPIMedia Group (the **Debt Note**); and
 - A promissory note convertible to 100% of the equity of JPIMedia Group's holding company (the **Equity Note**) valued at £88.0 million.
- 4.17 JPIMedia Group also confirmed that they would be ready to move to completion of the transaction in short order, with no further due diligence requirements.
- 4.18 Following receipt of JPIMedia Group's offer, AlixPartners, in their capacity as prospective Administrators of the Companies, approached GLAS, which confirmed that it would be prepared to accept a distribution from the Administrators in the form of the Equity Note and the Debt Note and that, pursuant to the Security Agent's Valuation (as defined and described in section 9 of this report), it would discharge £173.0 million of the Bond debt.

Administration application

- 4.19 On 16 November 2018 the Directors, therefore, concluded that:
- no offers for the Group and/or its component parts had been received that, either on their own or combined with other offers, would in aggregate generate sufficient net proceeds to enable the Group to repay the Bonds, and that, following consultation with the Ad Hoc Committee Advisers, none of these offers would be acceptable to the Bondholders;
 - no other options considered under the Strategic Review or otherwise appeared to be available to the Group;
 - given that the Ad Hoc Committee Advisers and the PPF were some way apart on financial terms, an RAA seemed challenging in the time available; and
 - to the extent that there was no possibility of achieving an RAA, the Directors would no longer be able to conclude that the Companies had a reasonable prospect of avoiding insolvent liquidation or administration, and, therefore, would be required to take steps immediately to place the Companies into administration.
- 4.20 As detailed further in section 8 of this report, the Group made a final approach to the PPF regarding the possibility of achieving an RAA. However, the PPF was not able to provide a response to the Group's request in the necessary timeframe, and as such the Directors concluded that there was no reasonable prospect of achieving an RAA.

- 4.21 At this time, the Directors, having exhausted all possible solvent options for a refinancing or restructuring of the Bonds, resolved to:
- terminate the FSP; and
 - apply to the courts in England, Scotland and Northern Ireland for administration orders in respect of each of the Companies based in those jurisdictions on the basis that, as evidenced by the outcome of the Strategic Review (including in particular the FSP) and by the Enterprise Value Valuation (as defined in section 5 of this report), each of the Companies was balance sheet insolvent.
- 4.22 The Administrators were appointed over each of the Companies on 17 November 2018 and the sale of the businesses and substantially all of the assets of the Companies to JPIMedia Group completed on the same day, the Administrators having concluded that the Transaction represented the best available outcome for the creditors of each of the Companies as a whole in the circumstances.
- 4.23 Immediately following receipt of the £181.0 million of consideration, the Administrators directed that the Equity Note and the Debt Note be distributed to GLAS as security agent for the Bondholders as the Group's sole secured creditors. The notes had an aggregate value of £173.0 million, thereby discharging an equivalent amount of outstanding Bonds owed by BondCo and guaranteed by all material members of the Group.
- 4.24 Further detail of the Transaction, including the rationale for the Transaction, and the consideration received and subsequently distributed by the Administrators pursuant to the Transaction, is set out in section 9 of this report.

Further marketing considered

- 4.25 The Directors, Rothschild & Co and the Administrators considered implementing additional marketing of the Group specifically on the basis of sale via an insolvency in order to determine whether any additional parties might come forward with a higher offer for the Group and/or its component parts. However, this was not considered necessary or appropriate for the following reasons:
- *Timeframe* – the Directors had concluded that, in line with their statutory obligations, they were required to take immediate steps to place the Companies into administration, and so any additional marketing of the business and/or assets of the Companies would need to have taken place after the Companies had been placed into administration.
 - *Trading risk* – trading in administration would likely have eroded the value of the Group's business due to negative publicity, the potential for disruption if suppliers/customers were uncooperative and due to the risk that competitors would approach key staff and clients.
 - *Existing marketing* – the Group had been extensively marketed as part of the FSP when the Group's financial position was already widely known, and it was considered unlikely that any additional parties would come forward and/or would be prepared to submit a better offer than that made by JPIMedia Group.

Administrators' views on FSP

- 4.26 The Administrators worked closely with Rothschild & Co throughout the FSP and are satisfied that the marketing process was conducted as widely as possible, in order to make the business's availability known to the widest group of potential purchasers in the time available, using all available means to achieve this outcome. All expressions of interest were followed up, and therefore the Administrators are satisfied that no better feasible option was available, and that they have met the requirements of SIP 16 regarding the marketing of the businesses and assets of the Companies as a whole and individually.
- 4.27 The objective of administration pursued by the Administrators was Objective 2, being the achievement of a better result for each of the Companies' creditors as a whole than would be likely if any of the Companies had been wound up (without first being in administration).
- 4.28 The Administrators confirm that the Pre-Pack transaction, details of which are provided in this report, enabled the statutory purpose of Objective 2 to be achieved, and that the outcome achieved by the Pre-Pack is the best available outcome for the creditors as a whole of each of the Companies in the circumstances.

5. Valuations of the business and assets

Valuation rationale

- 5.1 Prior to the implementation of the FSP and as part of the Contingency Planning, the Directors and AlixPartners, as prospective Administrators, considered it would be prudent to obtain independent desktop valuations of the enterprise value of the Group and/or its key assets (being, primarily, IP). This would provide a frame of reference for the Directors and any administrators for the purpose of evaluating any offers received pursuant to the FSP.
- 5.2 The Directors, together with AlixPartners as prospective administrators, also considered the potential valuation requirements in the event that the Strategic Review did not result in any viable solvent refinancing or restructuring options in respect of the Bonds and a Pre-Pack sale of the businesses and assets of the Companies was required.
- 5.3 In particular, and in line with the security review carried out by the Companies' legal advisers (as discussed further below), it was identified that in the event of a Pre-Pack, the consideration received by the Administrators would need to be allocated appropriately amongst the Companies and their assets. To do this, certain asset specific valuations would be required. However, given the comprehensive marketing being undertaken under the FSP, which would fully test the market value of the Group, the Group was mindful that no unnecessary valuation costs should be incurred. Accordingly, four valuations were obtained by the Group as set out in the remainder of this section.

Security review

- 5.4 In September 2018, the Companies instructed their legal advisers to carry out a review of the security granted in favour of GLAS as security agent for the Bondholders, focusing in particular on the validity of the security and whether such security constituted fixed or floating charges over the Group's businesses and assets.
- 5.5 The security review confirmed the overall validity of the security. In addition, the Group's solicitors, having consulted with leading counsel, advised that due to certain provisions in the security documents, certain assets that are typically characterised as being subject to fixed charge security (such as property and IP), would, in the special circumstances of the Companies be likely to be construed as being subject to floating charge security in circumstances where they are sold for less than £5.0 million.
- 5.6 Given the Group's understanding of the approximate values of certain property and IP assets and the expectation that these may be below £5.0 million, it was considered essential to obtain valuations of certain of these assets.

Valuations undertaken

- 5.7 Mazars LLP (**Mazars**) was engaged to provide three independent desktop valuations as follows:
- 5.8 **Enterprise Value Valuation** – Mazars was instructed by Plc under the terms of an engagement letter dated 21 August 2018 to produce an enterprise valuation of the Group, on a debt free, cash free and Pension Plan free, going concern basis. This valuation was required for use:
- in discussions with stakeholders as part of the Strategic Review;
 - by the Group's financial and legal advisers, for negotiating the commercial terms and documentation of the sale of the businesses and assets of the Group; and
 - as a key reference point for the Directors and AlixPartners, as prospective administrators, in evaluating any offers received pursuant to the FSP. The valuation was based on the International Valuation Standards Council's definition of market value, being:
"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."
- 5.9 The valuation was based on the Group's three-year financial forecasts provided by the Group at 30 June 2018 and the Enterprise Value Valuation reflects Mazars' estimated value of the Group at that date.
- 5.10 Mazars used the following valuation methods to give a range of potential values:
- **Discounted cash flow valuation method** – a valuation method based on financial forecasts, historic financial results, other information provided by the Group and publicly available information. Mazars applied a range of weighted average cost of capital assumptions in their valuation to provide a valuation range.
 - **Market-based valuation method** – a valuation method based on the Group's recent and forecast financial performance and data relating to comparable companies and transactions in the market. EBITDA multiples were assumed based on a range of comparable listed companies in the regional publishing sector.
 - **Mark-to-market valuation** – as an additional point of reference, Mazars calculated the mark-to-market value of Plc based on the price of the Bonds at 30 June 2018, at £151.6 million. However, whilst a useful point of reference, Mazars noted that this valuation also took into account the Group's current debt and pension plan deficit, meaning that it was not directly comparable to the cash, debt and pension plan free going concern valuations carried out.

- 5.11 The valuation methods used produced a valuation range of £151.0 – £181.0 million, and Mazars concluded that the value of £165.0 million, at the lower to middle end of their valuation range, represented an appropriate valuation.
- 5.12 **"i" Valuation** - Mazars was instructed by Plc on 5 October 2018 under an addendum to its 21 August 2018 engagement letter to provide a valuation of Publications (i.e. the "i" national newspaper business), on a cash free, debt free and pension deficit free, going concern basis. This valuation was required for use:
- in discussions with stakeholders as part of the Strategic Review;
 - by the Group's financial and legal advisers, for negotiating the commercial terms and documentation of the sale of the businesses and assets of the Group;
 - as a key reference point for the Directors and AlixPartners, as prospective administrators, in evaluating any offers received pursuant to the FSP; and
 - if an insolvency of the Group could not be avoided, and a sale of the businesses and assets of the Companies was affected, to assist the Administrators in allocating consideration received in respect of such sale(s) appropriately among the Companies and their individual assets.
- 5.13 Mazars applied the same principles and valuation methodology in respect of the "i" Valuation as they had applied in respect of the Enterprise Value Valuation, with the exception of the mark-to-market valuation which it was not possible to calculate on the basis that Publications has no listed debt.
- 5.14 The valuation methods used produced a range of valuations, and Mazars concluded that the value of £70.0 million, at the middle end of their valuation range, represented an appropriate valuation.
- 5.15 The valuation was based on the Group's three-year financial forecasts provided by the Group at 30 June 2018 and the "i" Valuation reflects Mazars' estimated value of the "i" business at that date.
- 5.16 **IP Valuation** – Mazars was instructed by Plc on 5 October 2018 under an addendum to its 21 August 2018 engagement letter to provide a valuation of the IP of each of the Companies' titles (except for that relating to the "i" which was valued separately in the "i" Valuation). This valuation was required for use:
- in discussions with stakeholders as part of the Strategic Review;
 - by the Group's financial and legal advisers, for negotiating the commercial terms and documentation of the sale of the businesses and assets of the Group;
 - as a key reference point for the Directors and AlixPartners, as prospective administrators, in evaluating any offers received pursuant to the FSP; and
 - if an insolvency of the Group could not be avoided, and a sale of the businesses and assets of the Companies was affected, to assist the Administrators in allocating consideration received in respect of such sale(s) appropriately among the Companies and their individual assets.

- 5.17 The IP Valuation of the Companies' titles totalled £28.4 million and each the titles owned by each of the Companies' were collectively valued as follows:

Company	Number of titles	IP value (£000)
Ackrill Newspapers Limited	1	277
Angus County Press Limited	5	25
Blackpool Gazette and Herald Limited	3	470
Century Newspapers Limited	1	2,382
East Lancashire Newspapers Limited	4	173
East Midlands Newspapers Limited	6	927
Galloway Gazette Limited Galloway Gazette Ltd. (The)	2	4
Halifax Courier Limited (The)	3	208
Johnston (Falkirk) Limited	7	295
Lancashire Evening Post Limited	4	1,405
Lancashire Publications Limited	1	36
Lancaster & Morecambe Newspapers Limited	2	170
Love News Media Limited	1	5
Morton Newspapers Limited	10	243
Northamptonshire Newspapers Limited	6	1,605
Northeast Press Limited	9	1,727
Portsmouth Publishing and Printing Limited	7	2,471
Premier Newspapers Limited	10	672
Publishing	4	15
Sheffield Newspapers Limited	2	1,957
South Yorkshire Newspapers Limited	4	299
Stornoway Gazette Limited	1	23
Strachan and Livingston, Limited	4	53
Sussex Newspapers Limited	5	320
T.R. Beckett, Limited	2	469
The Derry Journal Limited	2	177
The Scotsman Publications Limited	3	4,341
The Tweeddale Press Ltd	4	102
Wilfred Edmunds, Limited	6	1,320
Yorkshire Post Newspapers Limited	3	5,515
Yorkshire Regional Newspapers Limited	4	263
Yorkshire Weekly Newspaper Group Limited	4	470
Total	130	28,419

- 5.18 The IP Valuation was performed on a relief from royalty basis. Each of the Group's publishing titles was valued individually, and the sum of the valuations for titles owned by a Group entity was assigned to that entity, as shown above.
- 5.19 Each title was valued on a standalone basis and did not consider the benefits of any synergies between titles or the centralisation of activities. The valuation of each title was based on its revenue for the last twelve months, the level of contribution to the Group, and whether the title had a long or short expected life span.
- 5.20 The valuation was based on the Group's three-year financial forecasts provided by the Group at 30 June 2018 and the IP Valuation reflects Mazars' estimated value of the Group's IP at that date.

- 5.21 **Property Valuation** – GVA Grimley Limited (**GVA**) was instructed by Plc on 2 October 2018 to value certain of the Companies’ property interests, being all the Companies’ freehold and long leasehold property interests, and any property leases held by Agency Companies or Publications.
- 5.22 These valuations would be required to assist the Administrators in allocating sales consideration amongst the Companies in the event of a Pre-Pack. Valuations of Publishing’s leases were not required on the basis that the maximum Prescribed Part would be available to unsecured creditors in this entity from other asset realisations in any event, and as such, the allocation of value to these assets would not impact the return to any class of creditor.
- 5.23 The Group’s freehold and long leasehold properties were valued in aggregate between £11.0 million and £11.4 million. Of these properties, one property with a valuation of £15,000 to £20,000 was owned by Plc, and the beneficial interest in the remaining properties was owned by Publishing.
- 5.24 Each of the leasehold properties valued by GVA were valued at nil.
- 5.25 GVA’s valuation was carried out on a desktop basis only and was based on information provided by the Group. The valuations produced were on a ‘Market Value’ basis, defined as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Valuer credentials

- 5.26 Mazars is an integrated international advisory and accountancy organisation. Mazars is a limited liability partnership registered in England and Wales with registered number OC308299 and is registered with the Institute of Chartered Accountants in England and Wales. Mazars has confirmed its independence and that it carries adequate professional indemnity insurance.
- 5.27 GVA is registered by the Royal Institute of Chartered Surveyors (**RICS**), and the advisor issuing their report is a RICS registered valuer. GVA has confirmed its independence, and that it carries adequate professional indemnity insurance.

Additional valuation reference points

- 5.28 As detailed in section 4 above, the market value of the Companies and their businesses and assets was tested pursuant to the FSP undertaken by Rothschild & Co and overseen by the Administrators.
- 5.29 Additionally, the Administrators have monitored the trading price of the Bonds on the ISE, and of Plc’s equity on the LSE. Shortly prior to the appointment of the Administrators, the Bonds were trading at £0.52, a significant discount to the par value of the Bonds (£1.00) and implying a recovery of £114.4 million of the £220.0 million Bonds. As at 16 November 2018, the shares were trading at £0.025, indicating a market capitalisation of approximately £2.9 million.

6. Alternative courses of action considered

Strategic Review

- 6.1 In March 2017 the Group commenced the Strategic Review, and in the 21 months that followed, explored a number of options as detailed in section 2 of this report, including a fully-consensual solution, equity led refinancing, third-party debt refinancing, an RAA in respect of the Pension Plan and the FSP. However, no viable solvent solutions for the refinancing or restructuring of the Bonds were identified.
- 6.2 In addition, prior to resolving to apply to the courts in England, Scotland and Northern Ireland for administration orders in respect of each of the Companies, the Directors also considered the following insolvent options available to the Group.

Company voluntary arrangement (CVA)

- 6.3 A CVA was not considered to be an appropriate method of implementing a solution for the Group, in particular any consensual deal involving the Bondholders (as the sole senior secured creditor of the Group) and the Pension Parties (representing the largest unsecured creditor of the Group), primarily on the basis that:
- a CVA cannot be used to bind secured creditors to any agreement and so a separate process would have been required to document any deal involving the Bondholders;
 - given the likely influence of the vote of the Pension Parties on a CVA (due to the size of the Pension Plan deficit), it would have been more cost effective to implement any deal involving the Pension Parties via a bi-lateral agreement, thereby avoiding the additional expense and inclusion in negotiation of other unsecured creditors, as would have been required under a CVA; and
 - CVAs can take several weeks to implement and usually become public knowledge. Such a process would have caused unnecessary disruption to the business and would likely have reduced the realisable value of the Companies; and
 - In any event, no commercial agreement had been reached between the Pension Parties and the Ad Hoc Committee Advisers on behalf of their clients in connection with either the fully-consensual solution or an RAA.

Trading the business in Administration to pursue a going concern sale

- 6.4 The Strategic Review carried out by the Group was extensive, including consultation, discussions and negotiations with each of the Group's material stakeholders, as well as approaches to external third parties in respect of the attempted refinancing of the Bonds and as part of the FSP.

- 6.5 The FSP had resulted in several offers for the Companies and certain of its parts, and it was not considered that marketing the Companies in administration would have resulted in any additional or enhanced offers being received given the extent and reach of the FSP.
- 6.6 Further, trading of the Companies in Administration would likely have caused unnecessary uncertainty, speculation, disruption and damage to the Companies, meaning that any offers previously made for the business and assets of the Companies during the FSP were likely to be reduced or withdrawn. The trading of the Companies during Administration would also likely have incurred significant additional costs.
- 6.7 It was therefore considered that completing the sale of the businesses and substantially all of the assets of the Companies pursuant to the Transaction immediately following appointment was preferable to a period of trading in Administration.

Trading the business in Administration to pursue asset realisations

- 6.8 For the reasons set out above, trading of the Companies in Administration would not have improved recoveries to the creditors as a whole of each of the Companies; on the contrary, it would likely have decreased such recoveries.
- 6.9 Similarly, realising specific parts of the business separately rather than as a whole would have added additional complexity considering the Group's structure, in which all individual titles and businesses rely on central services provided by Publishing. Extracting individual businesses from the Group would therefore have been complex, expensive, and may have led to reduced offers for individual titles or businesses.
- 6.10 Further, certain of the Group's businesses may not have attracted any offers if the Group were to be broken up and would therefore need to cease to trade. This would have a similar impact as noted below in respect of Liquidations of the Companies.
- 6.11 Additionally, extracting specific assets from the Group such as freehold properties or plant and machinery would have impacted the remainder of the Group's ability to continue to operate.

Liquidation of the Companies, followed by realisation of the assets

- 6.12 If the Companies had been placed into liquidation, instead of administration, they would have been required to cease trading immediately, which would have significantly reduced the realisable value of the Companies' assets.
- 6.13 The values of the Group's IP assets, for example, are heavily dependent on its association with operational titles, whilst the Group's freehold printing properties and associated plant and machinery would have significantly reduced values given excess capacity in the printing market and limited demand for assets of this nature on a standalone basis.

- 6.14 Recovery of book debts would also likely have been heavily reduced as debtors could withhold payments for debts related to services such as printing due to the failure of the Group to meet ongoing contractual obligations.
- 6.15 Liquidations of the Companies would have resulted in all staff being made redundant, incurring significant additional creditors' claims in the form of claims from employees for redundancy pay, notice pay and arrears of wages and other similar amounts.
- 6.16 Finally, the cessation of trade would result in an increase in creditor claims from trade and other creditors, who would likely have enhanced claims relating to issues such as breach of contract.

Sale to JPIMedia Group

- 6.17 In addition to maximising value for creditors, the sale of the businesses as a going concern and substantially all of the assets of the Companies pursuant to the Transaction will reduce the level of preferential claims made against the Companies, as all of the employees of the Companies have transferred automatically to the Purchasers in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (**TUPE**). Thus, the transaction has safeguarded the jobs of over 2,000 staff employed by the Group.
- 6.18 In addition, JPIMedia Group has contractually undertaken to assume the liabilities in respect of customers' newspaper subscriptions and certain of the Group's commercial contracts, including property leases, thus reducing the claims from those creditors, and providing a successor in business to them.
- 6.19 In the light of the circumstances set out above, and against the backdrop of the outcome of the Strategic Review and the independent desktop valuations obtained by the Group, it was concluded by the Administrators that the offer from JPIMedia Group for the businesses and substantially all of the assets of the Companies, to be effected via a Pre-Pack, represented the best available outcome for the creditors of each of the Companies as a whole.

7. Requests made to potential funders of working capital

- 7.1 As described in the section above, the Administrators concluded that the offer from the Purchasers for the businesses and substantially all of the assets of the Companies, to be effected via a Pre-Pack, represented the best outcome for the creditors as a whole of each of the Companies.
- 7.2 The Group had sufficient liquidity to allow the Companies to complete the Transaction in the appropriate manner and consequently it was not necessary to obtain any additional funding. To have done so would have incurred additional costs and would likely not have improved the return to the Group's creditors.

8. Consultations with major creditors

- 8.1 As noted in further detail in section 2 of this report, in March 2017 the Group had commenced the Strategic Review, and in the 21 months that followed explored several options, including a fully-consensual solution, equity-led refinancing, third-party debt refinancing, an RAA in respect of the Pension Plan and the FSP.
- 8.2 The Group's major creditors, being the Bondholders (as the sole secured creditors of the Group) and the Pension Parties (representing the largest unsecured creditor of the Group), were frequently consulted and/or kept up to date with key developments in relation to each of those options, as well as the Group's Contingency Planning.
- 8.3 In addition, the Company also sought to engage with its largest shareholders and, from time to time, responded to enquiries from employees (including trade unions on their behalf), in each case subject to Plc's regulatory disclosure obligations as a publicly listed entity.
- 8.4 This section sets out in detail the timeline of consultations, discussions and negotiations between the Group, AlixPartners (in their role as prospective administrators) and its stakeholders in the lead up to the Transaction.

Pension Parties

- 8.5 The Directors met with the Pension Parties in March 2017 to update them on the Group's Strategic Review and in particular the specific options which were being *considered by the Group at that time*.
- 8.6 Since then, as mentioned above, the Group has frequently consulted with the Pension Parties in relation to key developments of the Strategic Review, scheduling physical meetings and telephone conference calls on a regular basis as well as responding to enquiries and sharing relevant information and materials in relation to the Strategic Review as requested by the Pension Parties and as appropriate from time to time.
- 8.7 In particular, during the period between August to November 2017, the Company engaged closely with the Pension Parties to explore the fully consensual solution, acknowledging that their support would be required in order to implement such a solution.
- 8.8 However, when it became clear that it would not be possible to achieve agreement between the relevant stakeholders in respect of the fully consensual solution, the Group's discussions with the Pension Parties began to focus on the other options being explored by the Group, and in particular the possibility of an RAA in respect of the Pension Plan, although the Pension Parties also wished to understand the Group's planning for the FSP and the Contingency Planning.
- 8.9 With regard to the RAA, following discussions during the Summer of 2018 between the Group and the Pension Parties and their respective advisers regarding the statutory criteria for an RAA, the Group made an indicative RAA proposal to the PPF on 4 October 2018, noting that should the proposal be acceptable from the perspective of the Pension Parties, that it would, as a next step, need to be agreed with the Bondholders.

- 8.10 The PPF advised the Group that the Group's proposal would not be acceptable, and that as part of any RAA, in line with tPR guidance, it would require a cash payment of a material amount relative to the Pension Plan deficit and a stake of at least 33% of the equity in the restructured Group.
- 8.11 The Group and AlixPartners met with the Pension Parties and their advisors on 5 November 2018 to outline the options available to the Group if the FSP failed to generate a solvent sale option, the most likely outcome being that this would result in a Pre-Pack of the business and assets of the Companies.
- 8.12 The Administrators provided the Pension Parties and their advisors with an *estimate of the financial return to the Pension Plan and other creditors in the event of an insolvency* and discussed with them the key assumptions and the expected Administration strategy.
- 8.13 On 12 November 2018 the Pension Parties met with the Ad Hoc Committee Advisers to discuss the options available to the Group and whether it was likely that an alternative to a Pre-Pack of the Companies may be possible. However, no agreement could be reached.
- 8.14 On 13 November 2018 the Ad Hoc Committee Advisers wrote a letter to tPR and the PPF confirming that the Ad Hoc Committee would endorse the Group's proposal of 4 October 2018.
- 8.15 The PPF acknowledged receipt of the Ad Hoc Committee Advisers letter of 13 November 2018 and advised that the PPF board was considering the offer.
- 8.16 On 16 November 2018 the Group's legal advisors contacted the PPF requesting an urgent response to the Ad Hoc Committee Advisers' letter. The PPF replied to say that it was still considering the Group's proposal of 4 October 2018; however, did not give any indication of when a response would be provided. Given that the Ad Hoc Committee Advisers and the PPF were some way apart on financial terms, an RAA seemed challenging, and taking into account legal advice received, directors' fiduciary duties and wrongful trading considerations, the Directors concluded that they would not be in a position to wait any further for the PPF's response.

Bondholders / Ad Hoc Committee / Ad Hoc Committee Advisers

- 8.17 Since October 2017, when the Group took steps to facilitate the formation of the Ad Hoc Committee, the Group and AlixPartners have consulted with the Ad Hoc Committee Advisers regarding the status of the options being considered under the Strategic Review, acknowledging that the Bondholders are the sole secured creditors of the Group.
- 8.18 In particular, the Group and the Administrators have worked closely with the Ad Hoc Committee Advisers on the Contingency Planning to ensure that JPIMedia Group was appropriately prepared to enter in to a transaction to purchase the business and assets of the Group via a Pre-Pack if necessary.

- 8.19 In November 2018 the Administrators provided the Ad Hoc Committee Advisers with the same estimate of the financial return to creditors in the event of an insolvency as had been provided to the Pension Parties and discussed with them whether they would be prepared to reconsider any of the options considered under the Strategic Review.
- 8.20 As noted above, the Ad Hoc Committee Advisers subsequently met with the Pension Parties to discuss whether there were any viable alternative options available other than a Pre-Pack, however no agreement could be reached.
- 8.21 As noted in further detail in section 4 of this report, following the conclusion of the FSP, the Group approached the Ad Hoc Committee Advisers to advise them of the results of the FSP. As had been prepared for during the Contingency Planning, the Bondholders were asked to consider whether they would be prepared to enter in to a transaction that would see the businesses and assets of the Companies transfer to a group of companies controlled by the Bondholders.
- 8.22 The Ad Hoc Committee Advisers advised the Group that they wished, on behalf of the Bondholders, to propose a transaction that would see entities to be controlled by the Bondholders take control of the business and assets of the Companies via a Pre-Pack on the basis that this was a preferable outcome to the Bondholders in comparison to any of the other options being considered by the Group and the Administrators.
- 8.23 The Transaction with the Bondholders was therefore completed in the manner described in further detail in section 4 of this report.

Shareholders

- 8.24 At various stages throughout the Strategic Review and as early as September 2017, the Group engaged with Plc's biggest shareholders regarding the Group's financial position and invited proposals regarding the refinancing or restructuring of the Bonds. However, no proposals were received.
- 8.25 As noted in section four of this report, eight material shareholders of Plc were invited to participate in the FSP by Rothschild & Co, however, as set out in section 4 of this report, only one requested the information pack and process letter, though they subsequently withdrew from the FSP without submitting an offer

Trade and other creditors

- 8.26 When considering consultation with trade and other creditors regarding the Group's financial position, the Group and the Administrators were concerned that to do so may result in operational disruption to the business if suppliers withdrew support upon learning of a potential insolvency. Any such action would have been to the detriment of achievable realisations for the business and assets and thus be at the expense of all creditors.
- 8.27 Additionally, as Plc is listed on the LSE, the Group was aware that to give details of the Contingency Planning to some but not all creditors would have involved the provision to them of material non-public information, which would have required significant, time-consuming and potentially expensive safeguards, such as carefully drafted and negotiated Non-Disclosure Agreements.

- 8.28 Finally, given the relative quantum of the amount owed to trade and other creditors compared to the Bonds and the Pension Plan, and that the Group was not experiencing any immediate cash flow difficulties, the Directors were not aware of any outcomes from such consultation that would materially impact the Group's ability achieve a solvent solution or deliver a better outcome than a Pre-Pack.
- 8.29 It was therefore determined that consultation with trade and other creditors would not be appropriate in the circumstances.

9. Sale transaction details

- 9.1 The sale and purchase agreement (**SPA**) was completed and took effect on 17 November 2018. The sale was completed by the Companies, acting by their Administrators.
- 9.2 The SPA provided for the sale of the businesses as a going concern and substantially all of the assets of the Companies, excluding the following assets, which will be realised by the Administrators during the course of the Administrations:
- Non-core leasehold properties;
 - Certain low value freehold properties;
 - Certain company records;
 - Certain tax assets;
 - Shares in certain subsidiary Group companies; and
 - Minority shareholdings in third parties.

Details of purchasers

- 9.3 To assist with the Group's Contingency Planning, the Ad Hoc Committee Advisers had incorporated a new group of companies that would be ready to purchase the businesses and assets of the Companies and to implement the Transaction. The direct purchasers (the **Purchasers**) are:

Purchaser	Company number	Purchaser	Company number
JPIMedia Publishing Ltd	11499982	JPIMedia Midlands Ltd	11573568
JPIMedia Scotsman Publications Ltd	11573101	JPIMedia South Ltd	11573583
JPIMedia SWP Ltd	11573425	JPIMedia NI Ltd	11573599
JPIMedia North East Ltd	11573145	JPIMedia Print Holdings Ltd	11573312
JPIMedia North West Ltd	11573442	JPIMedia Printing (Dinnington) Ltd	11575473
JPIMedia Off Road Ltd	11573449	JPIMedia Printing (Portsmouth) Ltd	11575513
JPIMedia Yorkshire Ltd	11573483	JPIMedia Printing (Carn) Ltd	11575502
JPIMedia NMSY Ltd	11573508	JPIMedia Publications Ltd	11575526

- 9.4 At the time of completion of the Transaction, the ultimate parent company of each of the Purchasers, JPIMedia Holdings Ltd (company number: 11595120) (**JPIMedia HoldCo**), had in issue the Equity Note.

- 9.5 At the time of completion of the sales, a further direct subsidiary of JPIMedia HoldCo, JPIMedia Limited (company number: 11573611) (**JPIMedia FinCo**), had in issue the Debt Note.
- 9.6 The registered office of each of the Purchasers, JPIMedia HoldCo and JPIMedia FinCo (together **JPIMedia Group**) is 2 Cavendish Square, London, W1G 0PU.

Consideration

- 9.7 The consideration received by the Administrators from JPIMedia Group totalled £181.0 million and comprised the following:
- Cash of £8.0 million, of which £4.7 million was received upon completion of the SPA, and the balance of which is to be received by the Administrators over the course of the next nine months depending on the level of costs and expenses incurred in the Administration;
 - the Debt Note, valued at £85.0 million; and
 - the Equity Note, valued at £88.0 million.
- 9.8 In respect of the values of the Equity Note and the Debt Note noted above, the Administrators understand that the Enterprise Value Valuation formed the basis for a separate valuation of the equity in JPIMedia HoldCo and debt issued by JPIMedia FinCo as part of the consideration for the Transaction (**The Security Agent's Valuation**).
- 9.9 The Security Agent's Valuation was used by GLAS to determine the value of the consideration distributed to it. The Administrators understand that The Security Agent's Valuation was based on:
- in case of the debt consideration provided by JPIMedia FinCo, its par value; and
 - in the case of the equity of JPIMedia HoldCo, The Enterprise Value Valuation less the value of the debt owed by JPIMedia Group and the value of any cash consideration paid to the Companies as sellers under the SPA.
- 9.10 Immediately following receipt of this consideration, the Administrators distributed the Debt Note and the Equity Note to GLAS as security agent for the Bondholders as the Group's sole secured creditors. The notes had an aggregate value of £173.0 million, thereby discharging an equivalent amount of outstanding Bonds owed by BondCo and guaranteed by most of the Companies.
- 9.11 The cash consideration received (or receivable over the course of the Administrations) by the Companies is permitted to be applied by the Administrators only for the purpose of:
- discharging certain costs and expenses of the Administrations; and
 - making prescribed part distributions to unsecured creditors, calculated in accordance with the statutory formula by reference to the floating charge recoveries in the Companies.

- 9.12 The balance of the cash consideration of £3.3 million is payable to the extent that the above specified costs are incurred, in accordance with payment terms agreed with JPIMedia Group.
- 9.13 The total sale consideration was allocated by the SPA amongst each of the Companies. Below we present the sales consideration of the Companies as a whole:

Asset class £000	Sale consideration – fixed charge	Sale consideration – floating charge	Sale consideration – total
Publishing titles	74,770	37,419	112,189
Goodwill	11,341	-	11,341
Freehold properties	6,875	4,495	11,370
Leasehold properties	-	6	6
Plant & machinery	-	9,609	9,609
Stock	-	2,190	2,190
Book debts – intercompany	-	1,000	1,000
Book debts – trade debtors	-	23,338	23,338
Book debts – prepayments	-	862	862
Other receivables	-	4,740	4,740
Fixtures & fittings	-	3,942	3,942
Cost funding	-	414	414
Total	92,985	88,015	181,000

- 9.14 In Appendix C we present the sales consideration of each of the Companies individually by asset classes.
- 9.15 The value allocated to goodwill is the balancing figure of the total sales consideration of £181,000 after value was allocated to all other assets. Goodwill has not been valued.
- 9.16 To the extent that the deferred cash consideration is not received (i.e. on the basis that the estimated cost to which the deferred consideration relates is not incurred) then the reduced sales consideration will be taken from the amount allocated to goodwill that sits in Publishing.
- 9.17 On the basis that a full prescribed part has already been generated in Publishing, such a reduction would not impact the return to any class of creditor.
- 9.18 As part of the terms of the SPA, the Administrators have taken fixed charge security over a freehold property sold to the JPIMedia Group to secure the obligations of the JPIMedia Group to pay the deferred cost consideration referred to above. This security covers an amount of approximately £1.4 million.
- 9.19 As part of the Transaction, all assets were sold at, or in excess of, the valuations received by the Group.

Connections between the Companies and the Purchasers

- 9.20 *Connections between the Directors, shareholders and secured creditors or their associates of the Companies and the Purchasers are summarised as*

Name	Connection to Companies	Connection to the purchaser
Any shareholder of the Group who is also a Bondholder (see below)	Shareholder of the Group	Shareholder and noteholder of JPIMedia Holdings Ltd
Any Bondholder	Secured creditor of the Group	Shareholder and noteholder of JPIMedia Holdings Ltd

- 9.21 We note that Mr David King, a director of each of the Companies, has, as a result of the Transaction, transferred to JPIMedia Group as an employee in accordance with TUPE. We understand that Mr King will be involved in the management of JPIMedia Group but is not a director of any company within the JPIMedia Group.
- 9.22 To our knowledge none of the Directors provided personal guarantees for any amounts or obligations owed by the Companies.

Best possible outcome

9.23 In light of the circumstance set out above, including in particular:

- the lack of offers pursuant to round one of the FSP which either on their own or if viably combined with other offers would have resulted in aggregate net proceeds sufficient to enable the Group to repay the Bonds in full, such that none of the offers were acceptable to Bondholders, nor, therefore, deliverable;
- the outcome of the Strategic Review, namely that no viable alternative solvent *options for the refinancing or restructuring of the Bonds* were available to the Group;
- the independent desktop valuation obtained by the Group, indicating an enterprise value of the Group of £151.0 - £181.0 million;
- the ability of the Transaction to limit the exposure of the Group's business to administration to a very short period of time, thereby preserving the value of the Group's business and safeguarding the employment of 2,000 staff, by enabling a quick and smooth transition of the businesses and substantially all of the assets of the Companies to the Purchaser; and
- the Administrators are satisfied that the offer of £181.0 million proposed by the Purchasers was capable of being executed and represented the highest offer and best available outcome for the creditors as a whole of each of the Companies.

For and on behalf of
The Companies



Alastair Beveridge
Administrator

Appendix A. Statutory information

This appendix comprises five parts:

A1: A listing of the Companies

A2: Statutory information relating to those of the Companies registered in England and Wales

A3: Statutory information relating to those of the Companies registered in Scotland

A4: Statutory information relating to those of the Companies registered in Northern Ireland

A5: Appointer's information and Administrators' information

A1: A listing of the Companies

A1.1: Principal companies

Company	Company number	Jurisdiction
Johnston Press Bond plc (BondCo)	08945271	England & Wales
Johnston Press plc (Plc)	SC015382	Scotland
Johnston Publications Limited (Publications)	09995440	England & Wales
Johnston Publishing Limited (Publishing)	01919088	England & Wales

A1.2: The Agency Companies

Company	Company number	Jurisdiction
Ackrill Newspapers Limited	01635068	England & Wales
Anglia Newspapers Limited	01038578	England & Wales
Angus County Press Limited	SC077730	Scotland
Blackpool Gazette and Herald Limited	00042125	England & Wales
Century Newspapers Limited	NI022768	Northern Ireland
East Lancashire Newspapers Limited	00129579	England & Wales
East Midlands Newspapers Limited	01588799	England & Wales
Galloway Gazette Ltd. (The)	SC009855	Scotland
Halifax Courier Holdings Limited	00332514	England & Wales
Halifax Courier Limited (The)	01402428	England & Wales
Johnston (Falkirk) Limited	SC027417	Scotland
Johnston Letterbox Direct Ltd.	01492610	England & Wales
Johnston Publishing (North) Ltd.	03392487	England & Wales
Lancashire Evening Post Limited	01344614	England & Wales
Lancashire Publications Limited	00508284	England & Wales
Lancaster & Morecambe Newspapers Limited	00090399	England & Wales
Love News Media Ltd	07610633	England & Wales
Morton Newspapers Limited	NI002197	Northern Ireland
Northamptonshire Newspapers Limited	02573421	England & Wales
Northeast Press Limited	00905215	England & Wales
Portsmouth & Sunderland Newspapers Limited	00269663	England & Wales
Portsmouth Publishing and Printing Limited	01248289	England & Wales
Premier Newspapers Limited	01916792	England & Wales
Regional Independent Media Group Limited	03516655	England & Wales
Reporter Limited (The)	00050742	England & Wales
Sheffield Newspapers Limited	00780919	England & Wales
South Yorkshire Newspapers Limited	03103977	England & Wales
Stornoway Gazette Limited	SC029826	Scotland
Strachan and Livingston, Limited	SC011226	Scotland
Sussex Newspapers Ltd	00829253	England & Wales
T.R. Beckett, Limited	00100701	England & Wales
The Derry Journal Limited	R0000179	Northern Ireland
The Scotsman Publications Limited	SC020911	Scotland
The Tweeddale Press Limited	SC020984	Scotland
Wilfred Edmunds, Limited	00061775	England & Wales

A1.2: The Agency Companies (continued)

Company	Company number	Jurisdiction
Yorkshire Post Newspapers Limited	00002899	England & Wales
Yorkshire Regional Newspapers Limited	00237165	England & Wales
Yorkshire Weekly Newspaper Group Limited	00179021	England & Wales

A2: Statutory information relating to those of the Companies registered in England and Wales

Company name	Ackrill Newspapers Limited
Registered number	01635068
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	26 Whitehall Road, Leeds, LS12 1BE
Trading address	N/A
Trading names	The company is known to operate under the following titles: Harrogate Advertiser.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009952
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Anglia Newspapers Limited
Registered number	01038578
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Kings Road, Bury St Edmunds, Suffolk, IP33 3ET
Trading address	N/A
Trading names	N/A
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009953
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Blackpool Gazette and Herald Limited
Registered number	00042125
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Avroe House, Avroe Crescent, Blackpool Business Park, Blackpool, Lancashire, FY4 2DP
Trading address	Avroe House, Avroe Crescent, Blackpool, FY4 2DP
Trading names	The company is known to operate under the following titles: Blackpool Gazette; Fleetwood News; Lytham St Annes Express.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009950
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	East Lancashire Newspapers Limited
Registered number	00129579
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	East Lancashire Newspapers Ltd, Bull Street, Burnley, Lancashire, BB11 1DP
Trading address	Office R103 & R104, Burnley Business Centre, Empire Business Park, Liverpool Road, Burnley, Lancashire
Trading names	The company is known to operate under the following titles: Burnley Express Friday; Burnley Express Tuesday; Clitheroe Advt & Times; Nelson Leader.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009943
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	East Midlands Newspapers Limited
Registered number	01588799
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	57 Priestgate, Peterborough, Cambridgeshire, PE1 1JW
Trading address	Ground Floor, Suite B & Part Suite A, Unex House, Bourges Boulevard, Peterborough, PE1 1NG Morgan House, Gilbert Drive, Boston, Lincolnshire, PE21 7TR Unit 8, Sleaford Business Centre, Station Road, Sleaford Unit 2, Ship & Horns, 44 Eastgate, Louth, Lincolnshire, LN11 9NJ
Trading names	The company is known to operate under the following titles: Boston Standard; Horncastle News; Louth Leader; Market Harborough Mail; Market Rasen Mail; Melton Times; Skegness Standard; Sleaford Standard; Peterborough Telegraph.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009954
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Halifax Courier Holdings Limited
Registered number	00332514
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Courier Buildings, Kings Cross, Halifax, Yorks
Trading address	N/A
Trading names	N/A
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009955
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Halifax Courier Limited(The)
Registered number	01402428
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Courier Buildings, King Cross Street, Halifax, HX1 2SF
Trading address	N/A
Trading names	The company is known to operate under the following titles: Halifax Courier; Hebden Bridge Times; Brighthouse Echo.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009944
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Johnston Letterbox Direct Limited Ltd.
Registered number	01492610
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	26 Whitehall Road, Leeds, LS12 1BE
Trading address	N/A
Trading names	N/A
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009965
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Johnston Press Bond Plc
Registered number	08945271
Registered office	2 Cavendish Square, London, W1G 0PU
Former registered office	2 London Wall Buildings, London, EC2M 5UU
Trading address	N/A
Trading names	N/A
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009959
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Johnston Publications Limited
Registered number	09995440
Registered office	2 Cavendish Square, London, England, W1G 0PU
Former registered office	Unit B, Unex House, Bourges Boulevard, Peterborough, PE1 1NG
Trading address	Part First Floor, Northcliffe House, 2 Derry Street, Kensington, London
Trading names	The company is known to operate under the following titles: i.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009957
Registered charges	Legal charge created 22 April 2016 in favour of Deutsche Bank AG.

Company name	Johnston Publishing Limited
Registered number	01919088
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Media House Oundle Road, Woodston, Peterborough, PE2 9QR
Trading address	Various
Trading names	The company is known to operate under the following titles: Buchan Observer; Ellon Times; Fraserburgh Herald; Glasgow South & Eastwood Extra.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009941
Registered charges	Four legal charges created 30 June 2014 in favour of Deutsche Bank AG. Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Johnston Publishing (North) Ltd.
Registered number	03392487
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	26 Whitehall Road, Leeds, LS12 1BE
Trading address	Burnley Business Centre, Empire Business Park, Liverpool Road, Burnley, Lancashire
Trading names	N/A
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009970
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Lancashire Evening Post Limited
Registered number	01344614
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Oliver's Place, Fulwood, Preston, Lancashire, PR2 9ZA
Trading address	N/A
Trading names	The company is known to operate under the following titles: Lancashire Evening Post; Garstang Courier; Wigan Evening Post; Chorley Guardian.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009940
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Lancashire Publications Limited
Registered number	00508284
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Martlan Mill, Martland Mill Lane, Wigan, Lancashire, WN5 0LX
Trading address	N/A
Trading names	The company is known to operate under the following titles: Leigh Observer; Wigan Observer; Wigan Reporter.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009971
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Lancaster & Morecambe Newspapers Limited
Registered number	00090399
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	41 Northgate, White Lund Industrial Estate, Morecambe, Lancashire, LA3 3PA
Trading address	Unit 41, Northgate, White Lund Industrial Estate, Morecambe, LA3 3AT
Trading names	The company is known to operate under the following titles: Lancaster Guardian; The Visitor-Morecambe; Dirt Bike Rider; Trials and Motor X News.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009964
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Love News Media Limited Ltd
Registered number	07610633
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Suite 225, Regency House, 91 Western Road, Brighton, BN1 2NW
Trading address	N/A
Trading names	The company is known to operate under the following title: Brighton & Hove Independent.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009948
Registered charges	N/A

Company name	Northamptonshire Newspapers Limited
Registered number	02573421
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Albert House, Victoria Street, Northampton, NN1 3NR
Trading address	Kenilworth Library & Information Centre, Warwickshire
Trading names	The company is known to operate under the following titles: Northampton Chronicle & Echo; Northamptonshire Telegraph; Banbury Guardian; Daventry Express; Leamington Courier; Rugby Advertiser.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009912
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Northeast Press Limited
Registered number	00905215
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Echo House, Pennywell, Sunderland, SR4 9ER
Trading address	Suite A, Second Floor, Alexander House, Rainton Bridge Business Park, Sunderland 15 Scarborough Street, Hartlepool, TS24 7DA 7 Beach Road, South Shields, NE33 2QAd
Trading names	The company is known to operate under the following titles: Hawick News; Selkirk Weekend Advertiser; Hartlepool Mail; Shields Gazette; Northumberland Gazette; Morpeth Herald; Sunderland Echo; News Guardian; News Post Leader.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009966
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Portsmouth & Sunderland Newspapers Limited
Registered number	00269663
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	1000 Lakeside, North Harbour, Portsmouth, PO6 3EN
Trading address	Various
Trading names	N/A
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009956
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Portsmouth Publishing and Printing Limited
Registered number	01248289
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	1000 Lakeside, North Harbour, Portsmouth, PO6 3EN
Trading address	29 and 31 Bapaume Road, Hilsea
Trading names	The company is known to operate under the following titles: The News; West Sussex Gazette; Worthing Herald Series; Chichester Observer Series; Worthing Advertiser; Hayling Islander; Portsmouth View; Etc Magazine
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009958
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Premier Newspapers Limited
Registered number	01916792
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Napier House, Auckland Park, Mount Farm, Bletchley, Milton Keynes, Buckinghamshire, MK1 1BU
Trading address	Belmullet House, 39 Upper George Street, Luton, LU1 2RD Unit 17, Claydon House Business Centre, 1 Edison Road, Aylesbury, Bucks, HP19 8TE
Trading names	The company is known to operate under the following titles: Leighton Buzzard Observer; Biggleswade Chronicle; Luton News; Buckingham & Winslow Advertiser; Bucks Herald; Hemel Gazette; Milton Keynes Citizen; Bedfordshire Times & Citizen; Bucks Advertiser & Thame Gazette; Luton & Dunstable Herald & Post.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009972
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Regional Independent Media Group Limited
Registered number	03516655
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	26 Whitehall Road, Leeds, LS12 1BE
Trading address	N/A
Trading names	N/A
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009942
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Sheffield Newspapers Limited
Registered number	00780919
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	26 Whitehall Road, Leeds, LS12 1BE
Trading address	Fifth, Eighth & Part of Ninth Floor, North Wing, The Balance, Pinfold Street, Sheffield, S1 2GU
Trading names	The company is known to operate under the following titles: Sheffield Star; Sheffield Telegraph.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009973
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	South Yorkshire Newspapers Limited
Registered number	03103977
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Sunny Bar, Doncaster, South Yorkshire, DN1 1NB
Trading address	N/A
Trading names	The company is known to operate under the following titles: Doncaster Free Press; Epworth Bells; Gainsborough Standard; Worksop Guardian.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009951
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Sussex Newspapers Ltd
Registered number	00829253
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	Springfield House, Springfield Road, Horsham, RH12 2RG
Trading address	N/A
Trading names	The company is known to operate under the following titles: West Sussex County Times Series; Mid Sussex Times; Crawley Observer; Sussex Express Series; Mid Sussex Gazette; West Sussex Gazette.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009962
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	The Reporter Limited(The)
Registered number	00050742
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	26 Whitehall Road, Leeds, LS12 1BE
Trading address	N/A
Trading names	N/A
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009963
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	T.R. Beckett,Limited
Registered number	00100701
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	1000 Lakeside, North Harbour, Portsmouth, PO6 3EN
Trading address	Map House, 34-36 St Leonards Road, Eastbourne, East Sussex, BN21 3UT
Trading names	The company is known to operate under the following titles: Hastings Observer Series; Eastbourne Herald.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009946
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Wilfred Edmunds,Limited
Registered number	00061775
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	1 st Floor, Spire Walk off Derby Road, Chesterfield, S40 2WG
Trading address	Unit 1, Tongue Land Industrial Estate, Dew Pond Lane, Fairfield, Buxton, Derbyshire, SK17 7LN
Trading names	The company is known to operate under the following titles: Buxton Advertiser; Derbyshire Times; Eastwood & Kimberley Advertiser; Matlock Mercury; Hucknall Dispatch; Mansfield Chad.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009945
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Yorkshire Post Newspapers Limited
Registered number	00002899
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	26 Whitehall Road, Leeds, LS12 1BE
Trading address	The Deep Business Centre, Kingston Upon Hull, HU1 4BG Fourth & Fifth Floor, 26 Whitehall Road, Leeds, LS12 1BE
Trading names	The company is known to operate under the following titles: Yorkshire Evening Post; Yorkshire Post; Wharf Valley Times; Yorkshire Vision
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009968
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Yorkshire Regional Newspapers Limited
Registered number	00237165
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	New Chase Court, Hooper Hill Road, Scarborough, YO11 3YS
Trading address	N/A
Trading names	The company is known to operate under the following titles: Bridlington Free Press; Pocklington Post; Scarborough News; Whitby Gazette.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009969
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Yorkshire Weekly Newspaper Group Limited
Registered number	00179021
Registered office	Unex House – Suite B, Bourges Boulevard, Peterborough, Cambridgeshire, PE1 1NG
Former registered office	26 Whitehall Road, Leeds, LS12 1BE
Trading address	Suites 1 & 2, First Floor, Bull Ring House, Wakefield, West Yorkshire
Trading names	The company is known to operate under the following titles: Dewsbury & Mirfield Reporter; Morley Observer & Advertiser; Pontefract and Castleford Express; Wakefield Express.
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies list
Court reference	CR-2018-009961
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

A3: Statutory information relating to those of the Companies registered in Scotland

Company name	Angus County Press Limited
Registered number	SC077730
Registered office	8 th Floor, Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS
Former registered office	108 Holyrood Road, Edinburgh, EH8 8AS
Trading address	Office 3A, First Floor, Westway Enterprise Centre, Peasiehill Road, Abroath, DD11 2NJ
Trading names	The company is known to operate under the following titles: <i>Arbroath Herald; The Buteman; Deeside Piper; Forfar Dispatch; Mearns Leader; Montrose Review; Brechin Advertiser.</i>
Court details	Court of Session, Edinburgh
Court reference	P1186/18
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG. Legal charge created 16 June 2014 in favour of Deutsche Bank AG.

Company name	Galloway Gazette Ltd.(The)
Registered number	SC009855
Registered office	8 th Floor, Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS
Former registered office	108 Holyrood Road, Edinburgh, EH8 8AS
Trading address	N/A
Trading names	The company is known to operate under the following titles: <i>Carrick Gazette; Galloway Gazette.</i>
Court details	Court of Session, Edinburgh
Court reference	P1185/18
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG. Legal charge created 16 June 2014 in favour of Deutsche Bank AG.

Company name	Johnston (Falkirk) Limited
Registered number	SC027417
Registered office	8 th Floor, Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS
Former registered office	108 Holyrood Road, Edinburgh, EH8 8AS
Trading address	Various
Trading names	The company is known to operate under the following titles: Cumbernauld News; Falkirk Herald; Kirkintilloch Herald; Lanark Gazette; Linlithgow Gazette; Milngavie Herald; Motherwell Times.
Court details	Court of Session, Edinburgh
Court reference	P1184/18
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG. Legal charge created 16 June 2014 in favour of Deutsche Bank AG.

Company name	Johnston Press plc
Registered number	SC015382
Registered office	Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS
Former registered office	108 Holyrood Road, Edinburgh, EH8 8AS
Trading address	Various
Trading names	N/A
Court details	Court of Session, Edinburgh
Court reference	P1179/18
Registered charges	Two legal charges created 23 June 2014 in favour of Deutsche Bank AG. Legal charge created 16 June 2014 in favour of Deutsche Bank AG.

Company name	Stornoway Gazette Limited
Registered number	SC029826
Registered office	8 th Floor, Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS
Former registered office	108 Holyrood Road, Edinburgh, EH8 8AS
Trading address	Unit 7, Harbour View, Cromwell Street Quay, Stornoway, Isle of Lewis, HS1 2DF
Trading names	The company is known to operate under the following titles: Stornoway Gazette; Back in the Day.
Court details	Court of Session, Edinburgh
Court reference	P1181/18
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG. Legal charge created 16 June 2014 in favour of Deutsche Bank AG.

Company name	Strachan and Livingston,Limited
Registered number	SC011226
Registered office	8 th Floor, Orchard Brae House, 30 Queensferry Road, Edinburgh, Scotland, EH4 2HS
Former registered office	Unit 4a, Gateway Business Park, Beancross Road, Grangemouth, Stirlingshire, FK3 8WX
Trading address	5/5A Greyfriars Gardens, St Andrews, KY16 9HG
Trading names	The company is known to operate under the following titles: East Fife Mail; Fife Free Press; Fife Herald; Glenrothes Gazette.
Court details	Court of Session, Edinburgh
Court reference	P1182/18
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG. Legal charge created 16 June 2014 in favour of Deutsche Bank AG.

Company name	The Tweeddale Press Limited
Registered number	SC020984
Registered office	8 th Floor, Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS
Former registered office	108 Holyrood Road, Edinburgh, EH8 8AS
Trading address	N/A
Trading names	The company is known to operate under the following titles: Berwick Advertiser; Berwickshire News; Southern Reporter; Midlothian Advertiser.
Court details	Court of Session, Edinburgh
Court reference	P1180/18
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG. Legal charge created 16 June 2014 in favour of Deutsche Bank AG.

Company name	The Scotsman Publications Limited
Registered number	SC020911
Registered office	8 th Floor, Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS
Former registered office	108 Holyrood Road, Edinburgh, EH8 8AS
Trading address	80 St Vincents Street, Glasgow G2 5UB
Trading names	The company is known to operate under the following titles: Evening News; Scotland on Sunday; The Scotsman.
Court details	Court of Session, Edinburgh
Court reference	P1183/18
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG. Legal charge created 16 June 2014 in favour of Deutsche Bank AG.

A4: Statutory information relating to those of the Companies registered in Northern Ireland

Company name	Century Newspapers Limited
Registered number	NI022768
Registered office	2 Esky Drive, Carn Industrial Estate, Portadown, Craigavon, Count Armagh, Northern Ireland, BT63 5YY
Former registered office	N/A
Trading address	Metro Building, 8 Donegal Square, Belfast, BT1 5JA
Trading names	The company is known to operate under the following titles: Newsletter (Belfast).
Court details	High Court of Justice in Northern Ireland, Chancery Division
Court reference	2018/113233
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	Morton Newspapers Limited
Registered number	NI002197
Registered office	2 Esky Drive, Carn Industrial Estate, Portadown, Craigavon, Count Armagh, Northern Ireland, BT63 5YY
Former registered office	N/A
Trading address	Metro Building, 8 Donegal Square South, Belfast, BT1 5JA; Carn Industrial Estate, 2 Esky Drive BT63 5YY
Trading names	The company is known to operate under the following titles: Ballymena Times; Coleraine Times; Larne Times; Lurgan Mail; Londonderry Sentinel; Mid-Ulster Mail; Portadown Times; Ulster Star; Tyrone Times; The Leader.
Court details	High Court of Justice in Northern Ireland, Chancery Division
Court reference	2018/113231
Registered charges	Legal charge created 23 June 2014 in favour of Deutsche Bank AG.

Company name	The Derry Journal Limited
Registered number	R0000179
Registered office	2 Esky Drive, Carn Industrial Area, Portadown, Criagavon, Count Armagh, Northern Ireland, BT63 5YY
Former registered office	113/118 Duncreggan Road, Londonderry, BT48 0AA
Trading address	113/118 Duncreggan Road, Londonderry, BT48 0AA
Trading names	The company is known to operate under the following titles: Derry Jnl-Friday; Derry Jnl-Tuesday.
Court details	High Court of Justice in Northern Ireland, Chancery Division
Court reference	2018/113228
Registered charges	Two legal charges created 23 June 2014 in favour of Deutsche Bank AG.

A5: Appointor's information

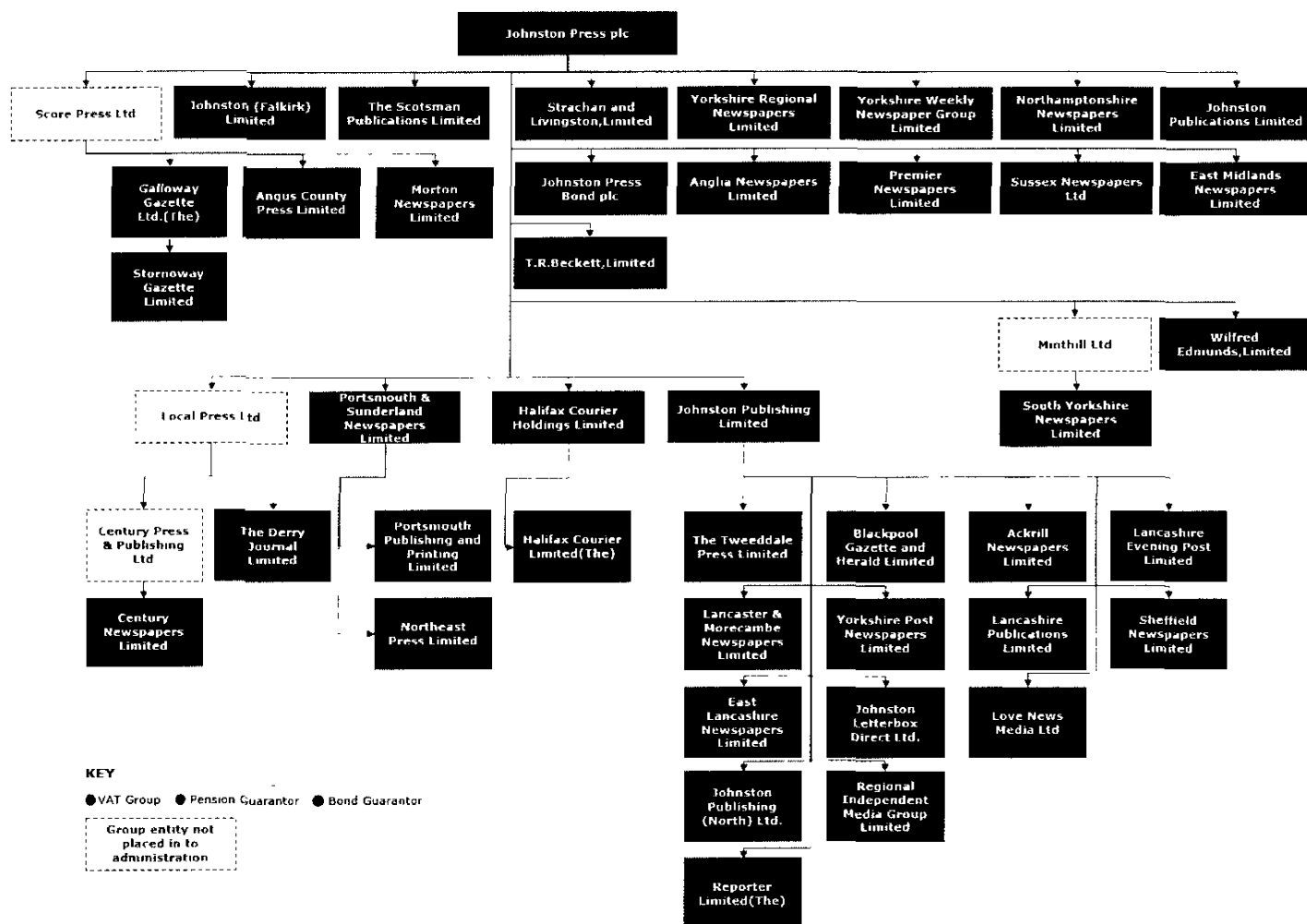
Companies	Court	Court name
Those of the Companies registered in England & Wales	High Court of Justice	Business and Property Courts of England and Wales, Insolvency and Companies list
Those of the Companies registered in Scotland	Court of Session, Edinburgh	N/a
Those of the Companies registered in Northern Ireland	High Court of Justice in Northern Ireland, Chancery Division	N/a

Administrators' information

Name	Address	IP number	Name of authorising body
Simon Jonathan Appell	AlixPartners, 6 New Street Square, London, EC4A 3BF	9305	Insolvency Practitioners Association
Alastair Paul Beveridge	AlixPartners, 6 New Street Square, London, EC4A 3BF	8991	Insolvency Practitioners Association
Peter Mark Saville	AlixPartners, 6 New Street Square, London, EC4A 3BF	9029	Insolvency Practitioners Association
Catherine Mary Williamson	AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M1 1AB	15570	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

Appendix B. Current group structure entities in transaction



Appendix C. Sales consideration allocation

Johnston Publishing Limited

Asset class £000	Sale consideration – fixed charge	Sale consideration – floating charge	Sale consideration – total
Publishing titles	-	15	15
Goodwill	11,341	-	11,341
Freehold properties	6,875	4,480	11,355
Leasehold properties	-	5	5
Plant & machinery	-	9,585	9,585
Stock	-	2,190	2,190
Book debts – trade debtors	-	23,338	23,338
Book debts - intercompany		1,000	1,000
Book debts – prepayments	-	641	641
Other receivables	-	4,419	4,419
Fixtures & fittings	-	3,821	3,821
Total	18,216	49,494	67,710

Johnston Press plc

Asset class £000	Sale consideration – fixed charge	Sale consideration – floating charge	Sale consideration – total
Freehold properties	-	15	15
Book debts – prepayments	-	127	127
Other receivables	-	321	321
Fixtures & fittings	-	9	9
Total	-	472	472

Johnston Publications Limited

Asset class £000	Sale consideration – fixed charge	Sale consideration – floating charge	Sale consideration – total
Publishing titles	74,770	-	74,770
Leasehold properties	-	1	1
Plant & machinery	-	24	24
Book debts – prepayments	-	94	94
Fixtures & fittings	-	112	112
Total	74,770	230	75,000

Agency Companies

Company	Publishing titles (£000)
Ackrill Newspapers Limited	277
Angus County Press Limited	25
Blackpool Gazette and Herald Limited	470
Century Newspapers Limited	2,382
East Lancashire Newspapers Limited	173
East Midlands Newspapers Limited	927
Galloway Gazette Limited	4
Halifax Courier Limited	208
Johnston (Falkirk) Limited	295
Lancashire Evening Post Limited	1,405
Lancashire Publications Limited	36
Lancaster and Morecambe Newspapers Limited	170
Love News Media Limited	5
Morton Newspapers Limited	243
Northamptonshire Newspapers Limited	1,605
Northeast Press Limited	1,727
Portsmouth Publishing and Printing Limited	2,471
Premier Newspapers Limited	672
Sheffield Newspapers Limited	1,957
South Yorkshire Newspapers Limited	299
Stornoway Gazette Limited	23
Strachan and Livingston Limited	53
Sussex Newspapers Limited	320
T R Beckett Limited	469
The Derry Journal Limited	177
The Scotsman Publications Limited	9,341
The Tweeddale Press Limited	102
Wilfred Edmunds Limited	1,320
Yorkshire Post Newspapers Limited	9,515
Yorkshire Regional Newspapers Limited	263
Yorkshire Weekly Newspapers Limited	470
Total	37,404*

** note that certain entities received additional proceeds from the Transaction, collectively totalling £414,000. These amounts were paid by the JPIMedia Group to those entities where sales consideration was less than £30,000, and therefore insufficient to meet the estimated costs of the Administration. These amounts are not reflected above*