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

AM10

Notice of administrator's progress report

Companies House

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

1 Company details

Company number	0 3 6 8 5 5 2 7
Company name in full	intu properties plc

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

2 Administrator's name

Full forename(s)	James Robert
Surname	Tucker

3 Administrator's address

Building name/number	15 Canada Square
Street	Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	

4 Administrator's name ❶

Full forename(s)	David John
Surname	Pike

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

5 Administrator's address ❷

Building name/number	15 Canada Square
Street	Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	

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

AM10
Notice of administrator's progress report

6 Period of progress report

From date	26/12/2020
To date	25/06/2021

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature

Signature

X J. Tucker X

Signature date 22/07/2021

AM10
Notice of administrator's progress report

Presenter information

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

Contact name	Marie Hayden
Company name	Interpath Advisory
Address	15 Canada Square
	Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	
DX	
Telephone	Tel +44 (0) 203 989 2800

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Continuation page
Name and address of insolvency practitioner

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

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

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

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

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

2 Insolvency practitioner's name

Full forename(s)	Michael Robert
Surname	Pink

3 Insolvency practitioner's address

Building name/number	15 Canada Square
Street	Canary Wharf
Post town	London
County/Region	
Postcode	E 1 4 5 G L
Country	

interpath

Joint Administrators' progress report for the period 26 December 2020 to 25 June 2021

Intu Properties plc - in Administration

22 July 2021

Deemed delivered: 23 July 2021

Notice to creditors

Please note that KPMG LLP sold its Restructuring practice in the UK to Interpath Ltd ('Interpath') on 4 May 2021. This has no impact on the administration of the Company nor in your day to day dealings with the Company, and your case contacts remain the same. For further details, please refer to the insolvency portal at http://intuproperties.ia-insolv.com.

This progress report provides an update on the administration of Intu Properties plc ("the Company").

We have included (Appendix 2) an account of all amounts received, and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 10).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, www.ia-insolv.com/case+INTERPATH+IK624F1201.html. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 11).

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1 Executive summary

The Company's Directors resolved to appoint us - Jim Tucker, David Pike and Mike Pink - as Joint Administrators on 26 June 2020.

This progress report covers the second six months of the Intu administrations, from 26 December 2020 to 25 June 2021. The Company in this report to creditors is one of eight Companies ("Administration Companies") of the Intu Group ("Group"). There are four sets of progress reports relating to the Administration Companies, all of which are available at http://intuproperties.ia-insolv.com. This report is for Intu Properties plc ("Properties" or "the Company"), the Group's former listed 'Topco'. Whilst the detail in each report is necessarily different, the executive summary of each of the four reports is deliberately similar, such that creditors can obtain an understanding of the overall group administrations.

Summary of previous reports

Intu remains a large, complex administration. As we said in our previous reports, covering the first six months of the administrations:

The principal activities of the Group were the operation and management of 18 shopping centres, primarily in the UK, including 9 of the top-20 UK centres. The majority of Intu's shopping centres were owned by wholly or majority-owned subsidiaries, each with their own lending structure.

As with all large group insolvencies, the Intu Group was not designed to be easily separable nor wound down, and there are numerous complex arrangements which have and will take time and resource to resolve throughout the Group.

During the administration we took control of a FTSE100-size organisation, in the environment of the Covid-19 pandemic and its related lockdowns. We stabilised a workforce of c2,400 people and led them through a very complex separation programme to migrate the operations of all the Group's UK shopping centres with no disruption to trading, at the end of which over 1,900 employees TUPE-transferred to new employers. This provided as stable a platform as possible for the Administration Companies to:

- seek to realise the Group's assets for maximum value;
- begin to establish the high volume and complex nature of claims against all relevant Group entities; and
- ultimately, enable distributions to be made to creditors.

Shopping centre valuations had reduced materially, for the well-known reasons of the substantial structural changes in the UK retail market and the impact of Covid-19. In H2 2020 and again in H1 2021, it became clear that the value of the majority of Intu's shopping centres was likely breaking in their related secured debt.

There were two key matters to resolve before we could provide an estimated outcome for creditors and estimate a timetable for making a distribution to creditors at any of the Administration Companies:

The inter-company matrix is complex and the balances are material, and a number of high value transactions dating back a number of years needed to be reviewed and validated.

We were in active liaison with HMRC in seeking to bring clarity to the quantum and treatment of taxes arising across the Group.

Recent administrator application to Court for permission to plan distributions

We feel we have made sufficient progress in the administrations in recent months that, in June 2021, we applied to the UK High Court for permission to plan to make distributions to creditors. As set out in our evidence to Court, notwithstanding our substantial progress there remains material work to do before we can commence making distributions, summarised below and in this report.

Importantly, the Court granted us the permission we requested to make distributions once we are in a position to do so. Also, given the complexity of the remaining matters in the administration, the Court also consented to our application to extent the administrations for a further two years, to June 2023.

Shopping centre assets

Shopping centre valuations remain below pre-pandemic levels and we continue to consider it likely that the value of the majority of Intu's UK shopping centres breaks in their related secured debt.

We continue to liaise closely with the stakeholders of the various PropCos to establish their intentions regarding exiting the Group and to develop options for maximising realisable value for the Group's assets. This includes UK shopping centres, unencumbered real estate interests and assets in Spain.

Assets in Spain

Various creditors have requested an update on the Group's Spanish assets. Since our last report we have specifically engaged with the PLC Creditors' Committee in establishing and confirming our strategy for the Group's Spanish assets. The most material asset in Spain is the Group's 50% JV interest in Xanadú, a major shopping centre on the outskirts of Madrid. Most of the detail on the Group's Spanish assets is contained in the creditors' report for Intu Shopping Centres plc.

In relation to Xanadú, the appointment of the Joint Administrators to the TopCos has not disrupted local asset management initiatives at the centre, the performance of the centre or the servicing of the JV's secured debt. The continued efforts of those employed by the Company's indirect subsidiary, Intu Management Spain SL, to oversee the asset management of Xanadú (and other matters in Spain) continues to be greatly appreciated by the Administrators.

The Administrators are supporting the directors of the Company's indirect subsidiaries holding the Group's Xanadú interests in delivering a proposed refinancing of bank debt secured over Xanadú and which is maturing in 2022. Following completion of this refinancing (which the directors are seeking to complete in the remainder of 2021) there will be greater certainty for any prospective investor, and we will work together with the directors to assess the optimal route to realise maximum value for the Administration Companies' creditors at the right time.

Whilst some expressions of interest have been received, our preferred strategy as Administrators is to seek to hold Intu's asset within the Group for perhaps a further 12-24 months or beyond whilst the refinancing is concluded, the pan-European shopping centre market stabilises and to provide time for Xanadú to demonstrate a consistent track record of stable post-pandemic cashflows. As such, unless the directors receive any economically attractive and credible bids in the meantime, our preferred strategy is to follow this medium-term hold strategy whilst valuations recover. As is common in JV arrangements, Nuveen's ROFO (Right of First Offer) will be a relevant factor in our strategy to maximise value.

Given the difficulty in estimating realisable values for the Group's Spanish assets, at this time we have not included them in our estimated outcome statements.

Intercompany reconciliation

Extensive work has gone into reconciling the Group's intercompany assets and liabilities, including those of PLC. This work is now largely complete.

The intercompany matrix is complex due to the large volume of transactions processed by the Group in the ordinary course of trading (approximately 110,000 transactions per annum with a value of c£165 million) and the way the operations of the Group were structured. Our review has focused on material balances, key areas of uncertainty and transactions in the period prior to insolvency. Key conclusions are as follows:

- *PropCo receivables*: at the outset of our appointment and as a condition of entering into the various TSAs on Day 1 of the administration, Intu Retail Services Limited received £22 million, including VAT, from the TSA PropCos, which was an estimate of amounts owed by PropCos to various Intu group companies. Since then we have sought to reconcile the completeness and accuracy of these invoices. After allowing for how these funds flow, including around the intercompany matrix, our latest estimate is that £15 million of this sum flows to the Administration Companies. Following further detailed analysis, which involved reviewing over 2,300 transactions, we identified some further tens of millions which could have fallen due from Propcos. However, the majority of PropCo loan agreements contained terms which subordinated these intercompany balances below the related secured debt. We are in the process of requesting settlement of the unsubordinated balances from the PropCos, recognising that some of these residual unsubordinated balances are disputed, at this stage we have not assumed a material recovery in our estimated outcomes.

  Intercompany receivables: The directors' Statement of Affairs states that Intu Properties plc had £899.9 million of intercompany debtors at book value which are summarised in a table in Appendix 7. As a result of our analysis, we have identified that transactions totalling £83.4 million in the intercompany balance between PLC and LIGTL are not owed and have adjusted them accordingly. These adjustments relate to an equalisation protocol adopted in the run up to insolvency and mis-postings in the respective ledgers. The equalisation exercise was implemented by the Company to ensure the funding of expenses was proportionate between the Company and LIGT. The accounting entries underpinning the Statement of Affairs did not fully reflect the intention of the agreement and so we have adjusted accordingly. We note below that PLC has c£1.5 billion of liabilities and LIGTL has c£3 billion, so the effect of this adjustment is diluted accordingly.

Claims will be submitted and adjudicated as part of the interim distribution process but we do not currently expect material deviations from the balances set out in Appendix 8.

Tax

We remain in ongoing dialogue with HMRC (the UK's tax authority) to ascertain the quantum and treatment of taxes arising across the Group.

This work is particularly complicated by the cessation of the Group's REIT status, which is automatic on administration. It is also complicated by a number of historic transactions where material gains and material losses may crystallise.

Amounts due could form unsecured claims against the Administration Companies or, potentially, may fall as administration expenses. As a complex group there are several tax periods to consider, both pre- and post-administration.

Importantly, we are also working through the corporation tax submissions for members of the Intu group that are not in administration as this may have an impact on the liabilities that need to be borne by the Administration Companies as a result of secondary liabilities in respect of capital gains tax. At this time, during the course of our extensive work on tax we have not identified any material tax liabilities that are not correctly offset by losses. Clearly, HMRC's agreement will be required on these key points. We continue to work with HMRC to determine the liabilities, and ultimately we will request clearance from HMRC prior to being in a position to make a distribution to creditors.

Estimated outcome for creditors

As noted above, during the period covered by this report we have made significant progress on a number of key issues that we set out in our last report to creditors, including:

We have substantially completed our work on the inter-company matrix. This has resulted in a number of changes to the expected assets and liabilities for the Company. Relevant findings are described in section 2.1 and have been incorporated into our estimate of total returns to creditors.

At this time, during the course of our work we have not identified any material tax liabilities that are not correctly offset by losses. As noted above, clearly HMRC's agreement will be required on these key points. We continue to work with HMRC to determine the liabilities, and ultimately we will request clearance from HMRC prior to being in a position to make a distribution to creditors.

We have been requested by some creditors to provide a preliminary estimate of estimated outcomes for creditors. We repeat the point made in the notices to this report that this report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group. Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

For **Intu Properties PLC**, our preliminary indicative estimate is that unsecured creditors of Intu Properties plc may ultimately receive a return of **7p in the £**. This is calculated as c£100m of net realisations divided by c£1.5 billion of liabilities. The key creditor groups are set out in Appendix 9 and can be summarised as;

RCF lenders £581 million;

Guarantee given to convertible bonds £377 million;

Intercompany including Intu Jersey 2 Ltd £392 million; and

Swap guarantee £144 million.

This estimate excludes any realisation for the RCF lenders from their secured interest in the Manchester Arndale and Cribbs Causeway (Bristol) shopping centres.

For **LIGTL**, our preliminary indicative estimate is that unsecured creditors of LIGTL may ultimately receive a return of up to **2p in the £**. This is calculated as c£64 million of net realisations divided by c£2.9 billion of liabilities. The key creditor groups can be summarised as:

Unsubordinated intercompany creditors: £2,674 million; and

Swaps: £255 million.

For **LIHL**, our preliminary indicative estimate is that unsecured creditors of LIHL may ultimately receive a return of up to **5p in the £**. This is calculated as c£13 million of net realisations divided by c£28o million of liabilities. The key creditor groups can be summarised as:

Intercompany creditors: £170 million; and

Swaps guarantees: £111 million.

Our indicative estimate is that unsecured creditors of **Intu Shopping Centres plc** may ultimately receive a return of up to **79p in the £**. This is calculated as c£67 million of net realisations (the majority inter-company distributions) divided by c£85 million of liabilities. The key creditor groups can be summarised as:

Provision for unliquidated unsecured commercial guarantee claim (estimate): £60 million;

Known unsecured commercial guarantees: £16 million; and

Intercompany (including Intu Properties Plc): £7 million

For **Retail Services**, our preliminary indicative estimate is that preferential creditors may ultimately be paid in full and unsecured creditors of Intu Retail Services Limited may ultimately receive a return of **2p in the £**. This is calculated as c£0.2 million of net realisations divided by c£15 million of liabilities. The key creditor groups can be summarised as:

Intercompany creditors: £5 million; and

Trade and other unsecured payables: £10 million.

For **Intu RS**, our preliminary indicative estimate is that preferential creditors may ultimately be paid in full and unsecured creditors of Intu RS Limited may ultimately receive a return of **1p in the £**. This is calculated as c£0.1 million of net realisations divided by c£6.0 million of liabilities. The key creditor groups can be summarised as:

Trade and other unsecured payables: £6 million.

For **Management Services**, our preliminary indicative estimate is that preferential creditors may ultimately be paid in full and unsecured creditors of Intu Management Services Limited may ultimately receive a return of **8p in the £**. This is calculated as c£0.5 million of net realisations divided by c£7 million of liabilities. The key creditor groups can be summarised as:

Unsecured employee creditors: £2 million; and

Trade and other unsecured payables: £5 million.

For **Intu Energy**, our preliminary indicative estimate is that unsecured creditors of Intu Energy Limited may ultimately receive a return of **4p in the £**. This is calculated as c£0.2 million of net realisations divided by c£5 million of trade and other unsecured liabilities.

As noted in this report, there remain a number of open issues and these estimates of assets and liabilities will be updated as the administrations progress. Creditor claims will be adjudicated as part of the first interim distribution. The ultimate return for each creditor may be materially different as a result of this process.

Administration costs

We continue to expect overall trading costs to end up considerably less than the c£100 million originally estimated, and these costs will continue to be refined as the TSA true up is completed.

In our last progress report to creditors, six months into the administrations, we estimated aggregate Administrator fees across the Administration Companies of c£25 million, of which c£17 million was estimated to be recharged to PropCos.

In April 2021, we provided a substantial update on administration costs across the Administration Companies to the Properties Creditors' Committee. Creditors may recall that the Properties Creditors' Committee included creditor representatives of the RCF Lenders, the trustee of the Convertible Bonds and the swap counterparties, the main third party creditor groups in the administrations.

In that April 2021 update to the Creditors' Committee, we estimated Administrator fees across the Administration Companies of c£33 million, of which c£20 million was estimated to be recharged to PropCos. Following this update, the Properties Creditors'

Committee approved Administrator fees for Properties to 28 February 2021. (The relevant approval bodies for other administration estates are, in the main, the unsecured creditors of each estate, who have approved administration fees submitted to date.)

Given the additional work carried out since April 2021 on inter-company claims in particular, key to both the group-wide creditor claims process and likely increased realisations from Propcos, our latest estimated aggregate Administrator fees across the Administration Companies is c£35 million, of which c£20 million is estimated to be recharged to PropCos.

Our revised estimate of Administrator fees for Properties is included at Appendix 4, and for the other Administration Companies in their respective reports.

Other matters

There are no creditors with security over the Company's entire business and assets. The Company's RCF lenders hold security over Group shareholdings in two shopping centres, Manchester Arndale and Cribbs Causeway (Section 3 - Dividend prospects).

We are not aware of any preferential claims against the Company (Section 3 - Dividend prospects)

A PLC Creditors' Committee was established in October 2020. However, recently two of the members stepped down from the Committee. With membership recently below the statutory minimum of three, this Committee is no longer quorate. Whilst we now also have a creditors' committee at Intu Shopping Centres plc, our preference would be for PLC creditors to come forward such that the PLC Creditors' Committee is reconstituted. Committee members are normally, but do not need to be, material creditors in the estate or their representatives, and would need to sign up to NDAs previously agreed with the Committee. Unless a new Committee is established, decisions that would otherwise be taken by the Committee revert to the creditors as a whole (Section 4.1 – Creditors' Committee).

We are seeking a number of decisions from the unsecured creditors, with a copy of the notice of decision procedure, together with a proof of debt form circulated by post to the unsecured creditors, and a copy available to download and print from our insolvency portal at www.ia-insolv.com/case+INTERPATH+IK624F1201.html. A summary of the requested decisions, which include approval of a revised fee estimate for our remuneration since 28 February 2021, along with inviting nominations from creditors for membership of a Creditors' Committee, is set out in Section 4. Please note that a person is entitled to vote only if they have given to the Joint Administrators, before 23.59 on the decision date, 16 August 2021, details in writing of the debt which they claim to be due from the Company and the claim has been duly admitted by the Joint Administrators (Section 4 – Decision procedure).

At the end of the administration, we anticipate that the most likely exit route from the administration will be dissolution (Section 6 – Ending the administration).

We propose that our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate and charge-out rates provided in this report. As noted above, this is a revised fees estimate from the one previously approved by the Creditors' Committee. We also attach our expenses estimate (Section 8 - Joint Administrators' remuneration, expenses and pre-administration costs).

Please note: you should read this progress report in conjunction with our proposals and first progress report which were issued to the Company's creditors and can be found at http://intuproperties.ia-insolv.com. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.

We are happy to hold a call for creditors to run through the contents of this report and answer any questions on Thursday 5th August 2021 at 2pm London time. Dial in details will be published in the preceding days on our website at www.ia-insolv.com/case+INTERPATH+IK624F1201.html. Creditors will hopefully appreciate that certain information recently requested of us to refer to in this report, and which may be further requested in questions during that call, will need to remain commercially confidential.

J. Tucker

Jim Tucker
Joint Administrator

2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our previous progress report.

2.1 Strategy and progress to date

Overview

During the past six months of the administration our focus has been on the following workstreams:

Determining the inter-company assets and liabilities of the Company;

Continuing to ascertain the quantum and treatment of taxes arising across the Group;

Developing the Entity Priority model that will form the basis of the calculations for distributions to creditors;

Making an application to the Court to extend the administration and to obtain consent to distribute funds to creditors; and

Liaising with the stakeholders of the various PropCos to establish their intentions with regard to exiting the Group and settlement of intercompany liabilities.

During the period, we applied to Court for a 24-month extension to the period of the administration to 26 June 2023. The Administrators were also granted permission to make distributions to the unsecured and non-preferential creditors of the Administration Companies.

Court application for extension of the term of the administration

Following an application to Court to extend the Joint Administrators' term of office for each of the Administration Companies, in accordance with Rule 3.54 of the Insolvency (England and Wales) Rules 2016, the Court has granted an order and the period of administration for each of the Administration Companies has been extended to midday on 26 June 2023. The extensions were granted for a number of reasons, including:

a) the Administration Companies share a complex intercompany matrix with interrelated lending structures which must first be ascertained and unwound in order to determine (i) the size of the creditor base for each of the Administration Companies and (ii) the full extent to which distributions can be made to creditors;

b) to ensure that the administrations of the Administration Companies were extended consistently and in lockstep, in order to avoid any adverse tax consequences would potentially follow from allowing any of the administrations to come to an end at this stage;

c) to provide greater flexibility in realising the property interests in Spain and other residual assets;

d) to enable the Joint Administrators to complete the administrations and achieve a better result for the creditors than would have been achieved had the Administration Companies been wound up without first being in administration;

e) to allow the Administration Companies to make such distributions to unsecured creditors without the additional costs associated with placing the Administration Companies into liquidation first.

Distributions to creditors

At the same time as making an application to the High Court for an extension we applied for an order permitting the Joint Administrators to make distributions to the unsecured, non-preferential creditors of the Administration Companies. This order was granted by the Court for each of the Administration Companies.

Subject to achieving appropriate clearance from HMRC we hope to make an interim distribution before the end of the year. We will issue notices of intention to distribute as soon as clearance is received. We expect to be able to distribute circa £40 million of cash which represents approximately half of available cash at Properties after making adequate provision for costs.

Our indicative high level preliminary estimate is that unsecured creditors of Properties will ultimately receive a return of up to 7p in the £. Further detail is provided at Appendix 9 of this report.

It should be noted that this estimate is derived from an Entity Priority model that contains a number of material assumptions; for example, we have not yet issued a Notice of Intention to Distribute nor advertised for claims, so our estimates for total liabilities may be subject to change. There are also still a number of open issues that we are working hard to resolve so these estimates are provided for guidance and should not be relied upon, and we will revise these estimates as further material information is uncovered.

To facilitate the finalisation of a dividend to unsecured creditors the Administrators will require approval of all resolutions that will be presented to creditors of all Administration Companies including Administrators' fees and the allocation of shared costs (as set out in section 4.2).

However, set out below are conclusions that have been reached in relation to certain significant creditor positions.

Revolving Credit Facility

The Joint Administrators, together with their legal advisers, have reviewed the position in relation to the RCF and the RCF Lenders' claims into the Company;

The RCF Lenders are unsecured creditors of the Company. The fact that the RCF Lenders hold security granted by other companies in the Intu group does not alter their status as unsecured creditors of Properties.

The RCF Lenders are not obliged to immediately enforce any other security they hold, or take any action against any other entities, although they may choose to do so. In any event, if the RCF Lenders choose to enforce their security, the terms of their finance documents provide the RCF Lenders with considerable discretion around the timing of when any realisations from such security enforcement are applied towards (and therefore reduce) the amount of debt due and owing from the Company to the RCF Lenders.

Given the foregoing, the Joint Administrators are of the view that, subject to verification of all claims, the RCF Lenders will be able to assert claims against the Company equivalent to the full amount of their respective debt under the RCF.

The Group's RCF lenders hold security over Shopping Centre's shareholdings in the beneficial owners of Cribbs Causeway and Manchester Arndale (and the assets of these beneficial owners). Although realisations from the disposal of Cribbs Causeway and Manchester Arndale would eventually be applied towards (and therefore reduce) the amount of debt due and owing from the Company to the RCF Lenders, as at the date of this report these assets have not been realised.

Our proposals and progress reports for Shopping Centres provide further detail on Cribbs Causeway and Manchester Arndale.

Convertible notes

The Joint Administrators, together with their legal advisers, have reviewed the position with respect to the Noteholders' claims into Properties.

The Noteholders potentially have two claims in relation to their debt under the Convertible Notes:

1) A claim against Intu (Jersey) 2 Limited (as the principal obligor/issuer of the Convertible Notes), and

2) A claim against Properties (as a guarantor of the Convertible Notes).

As a matter of English law, these are two separate and distinct debts (one being a debt under a guarantee and one being a debt under the Convertible Notes), and the Noteholders would be able to make a claim in full against each of Intu (Jersey) 2 Limited and Properties without causing any double proof issues.

Intu (Jersey) 2 Limited also has a potential claim against Properties as an unsecured creditor pursuant to the intercompany loan made using the proceeds of the Convertible Notes. This is also a separate and distinct claim from the Noteholders' claims and there are no double-proof issues as a result of the Noteholders' claims into the Company under the guarantee and Intu (Jersey) 2 Limited's claim.

Unclaimed dividends to shareholders

The Directors' Statement of Affairs shows some £45,000 owing to c720 shareholders in relation to unclaimed pre-administration dividends.

We have reclassified these claims as shareholder claims in accordance with the Insolvency Act. Accordingly, the amount owed is not deemed to be a debt of the Company until all creditors' claims have been discharged and any such claim will not be admitted as an unsecured claim for dividend purposes.

Review of Intercompany assets and liabilities

The inter-company matrix is complex due to the large volume of transactions processed by the Group in the ordinary course of trading (approx. 110,000 transactions per annum with a value of £165 million) and the way the operations of the Group were structured. Our review has focused on material balances, key areas of uncertainty and transactions in the period prior to insolvency. Key conclusions are set out below.

PropCo receivables

At the outset of our appointment and as a condition of entering into the various TSAs on Day 1 of the administration, Retail Services received £22 million, including VAT, from the TSA PropCos, which was an estimate of amounts owed by PropCos to various Intu group companies. This amount is separate from payments made by the PropCos in respect of services and benefits provided under the TSAs. Since then we have sought to reconcile the completeness and accuracy of these invoices. After allowing for how these funds flow, including around the intercompany matrix, our latest estimate is that £15 million of this sum flows to the Administration Companies.

Following further detailed analysis, which involved reviewing over 2,300 transactions, we identified some further tens of millions which could have fallen due from PropCos to the TopCos. However, the majority of PropCo loan agreements contained terms which subordinated these intercompany balances below the related secured debt. We are in the process of requesting settlement of the unsubordinated balances from the PropCos. Recognising that some of the unsubordinated balances are disputed, at this stage we have not assumed a material recovery in our estimated outcomes.

Intercompany receivables

The directors' Statement of Affairs suggests that Properties had £899.9 million of intercompany debtors at book value which are summarised in a table in Appendix 7. As a result of our analysis, we have identified that transactions totalling £83.4 million in the intercompany balance between Properties and LIGTL are not owed and have adjusted the balance accordingly. These adjustments relate to an equalisation protocol adopted in the run up to insolvency and mis-postings in the respective ledgers. The equalisation exercise was implemented by the Company to ensure the funding of expenses was proportionate between the Company and LIGT. The accounting entries did not correctly reflect the intention of the agreement and so we have adjusted accordingly.

Properties is owed amounts from Intu Holding S.á.r.l. A detailed update on the Spanish assets is provided in the Progress Report for Shopping Centres which is the legal owner of the shares in that part of the group structure. In the event value can be recovered from these assets then the Company should benefit from the net proceeds. We have not sought to make an estimate at this time.

We also identified balances due from entities not subject to an insolvency process which will be recovered with the above described receivable recoveries.

Claims will be submitted and adjudicated as part of the interim distribution process but we do not expect material deviations from the balances set out in Appendix 8.

Employees

Our proposals and progress reports covering Retail Services, Intu RS, Management Services and Intu Energy provide detail on the Group's c2,400 employees. Over 82% of staff (by number) employed by the Group as at the date of appointment have TUPE transferred to new providers to date.

The Company had one employee at the date of our appointment who was retained to assist the administrators. A collective consultation process was followed in line with Employment Laws. This also mitigated any protective award claims against the Company. The employee was made redundant in June 2021 when the Group wind down plan was at an advanced stage and his assistance was no longer needed. There is no preferential claim against the Company.

India

As previously reported, there are a number of Indian retail and property assets held by indirect subsidiaries of Properties.

These include an indirect 32.4% stake in publicly listed Prozone Intu Properties Limited ('PIPL') via Properties' holdings in both Nailsfield Limited ("Nailsfield"), a Mauritian registered entity, and Intu India (Portfolio) Limited ("IIPL"), an English registered entity.

There are several legal, regulatory, tax and commercial issues to consider when assessing options for Indian investments. Furthermore, we have assessed that value could be maximised by waiting for Covid-19 disruption to subside and investor confidence to return.

This is borne out by an increase in the market valuation of PIPL since the beginning of May 2021 following increased levels of market interest in the company's stock. We have engaged with local advisors to consider how best to realise this value. The limited liquidity in these shares relative to the size of Properties' shareholding means that Properties is unlikely to realise its stake at the current implied market price. Realisation of the assets will incur costs such as broker fees and custodian fees, along with any Indian taxes to be paid upon sale of assets. There are also certain liabilities to settle at both

Nailsfield and IIPL before any net proceeds can be remitted to Properties as ultimate shareholder.

In addition to the publicly listed PIPL, Properties holds indirect interests in certain privately-held Indian entities (each of which PIPL are also invested in). These include a minority stake in a redevelopment project in Oshiwara, Mumbai and a minority stake in a shopping centre in Aurangabad. Initial high level discussions are underway with potential interested parties for the Company's privately held Indian assets.

For reasons of commercial sensitivity, the Joint Administrators will not be commenting on any sale negotiations until they are completed.

Transitional Service Agreements ("TSA"), migration and paid-for support provided to PropCos

As previously reported, the Group's shopping centres are owned in separate PropCo structures, primarily under Properties and Shopping Centres. Retail Services entered into 16 different TSAs across 10 TSA PropCo structures upon our appointment as Administrators.

Broadly, TSA invoices have been presented and paid in advance by PropCos based on estimated costs, including contingency. Now that migration has completed, a series of robust and resource-intensive TSA true-up exercises are underway at Retail Services to ensure a full allocation of TSA costs across all Centres for the duration of the TSA period and for post-migration TSA Benefits.

All relevant costs (including appropriate allocations of administrator costs, legal costs, Group staff costs and TSA overheads) will be recovered from TSA funds collected by Retail Services from the PropCos.

The Administrators and the Intu finance team continue to spend significant time in working with other Intu and Centre-specific teams and third-party suppliers to gather actual cost information for comparison against the estimated costs. Even though PropCo migrations concluded some months ago, Intu is still receiving invoices and seeking to mitigate costs, leading to fluctuations in cost information. The exercise is extensive and final costs cannot be concluded until all services have fully ceased and accounts are fully reconciled.

The TSA True-Up is being completed in multiple stages, once we have enough information to determine actual costs that can be trued-up. Three partial TSA True-Up Process updates have been issued to date, representing over 75% of estimated costs charged to the PropCos under the TSAs. Further details of the TSAs, migration and true-up processes are included in the Administrators' proposals and progress reports for Retail Services.

Intra-Group Agreement

After the TSA True-Up process concludes at Retail Services and the Administrators have full clarity on the level of residual costs left to be borne by the Administration Companies, the Intra-Group Agreement envisages a reconciliation of residual costs between the signatories, including the Company.

Whilst the Administrators have been monitoring the level of costs that will need to be re-allocated using the Intra-Group Agreement and some initial assumptions have been made in allocation of costs for the purposes of assessing illustrative estimated outcomes, there has been no transfer of cash between the Administration Companies to date as: (1) some costs and still being incurred; (2) their level will not be known until the TSA true up is completed; and (3) it will be more cost effective to only go through this process once and basing the transfers on actual figures rather than estimates which could significantly change.

Corporate simplification exercise

At appointment the Intu group consisted of 258 entities - companies and partnerships - which sat in a complex group structure. Following the Administrators' appointment, an analysis was undertaken to determine the appropriate strategy to efficiently wind down the Group. The key considerations are identifying assets and maximising value to the parent companies where possible, minimising holding costs by quickly winding down entities that were no longer needed and understanding the tax position.

The responsibility for 171 of the companies has been migrated to the PropCos and their lenders. 30 companies have now been placed into either solvent or insolvent liquidation by their directors to wind-up their affairs or have been struck-off depending on their circumstances. We are in the process of engaging a third-party corporate services provider to maintain the books and records of 31 of the entities in a cost-efficient manner. The remaining entities are still being reviewed to determine the appropriate strategy.

Swaps

The Administrators have received claims from all swap counterparties that were anticipated at the date of appointment based on the relevant swap contracts and related guarantee claims against Properties as the guarantor.

To date only one of the claims has been admitted to proof, albeit the other parties' claimed close-out sums are substantively in line with expectations based on market data. Certain counterparties have reserved their positions with regard to costs associated with their close-outs, so have not been adjudicated or admitted at this time. These claims will be adjudicated alongside other creditor claims.

Books and records

During the period, the Joint Administrators have undertaken the large-scale exercise of transporting, consolidating and itemising the Company's books and records. This has included the transfer of over 6,000 storage boxes to a single storage provider, Iron Mountain. An inventory of the contents of each box has been completed, allowing the Administrators to now proceed with the next phase of the books and records storage. The books and records which are no longer required will be securely destroyed, the records which belong to non-Administration Companies will be passed to those companies to administer moving forward. Finally, the records that are required to be maintained as statute, will be consolidated, and continued to be stored at Iron Mountain.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

Furniture and equipment

An agent was appointed to sell the Company's fixtures and fittings from 40 Broadway. IT and office equipment has also been sold, after a data cleansing exercise.

Total net realisations are expected to be £0.1 million.

2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

The majority of payments on behalf of the Administration Companies have been made by Retail Services utilising the Group's existing BACs facility. A transfer to the relevant companies will be effected in due course under the Intra-Group Agreement.

Summaries of the most significant payments made during the period are provided below.

VAT

Following their appointment, the Joint Administrators applied to create a new VAT group comprising the eight Administration Companies, including the Company, and six other Topco Companies where the Joint Administrators expected to raise sales invoices or incur expenditure for the purpose of the Administrations.

HMRC have only recently given retrospective approval for the creation of this VAT group backdated to 26 June 2020 and requested that the first VAT return be prepared for the period 26 June 2020 to 30 June 2021.

We are still in the process of completing the first VAT return, but currently anticipate the return will show an amount of £11.7 million being due to HMRC from the VAT group, being output VAT of £17.4 million on sales (primarily by Retail Services under the TSA), offset by Input VAT of £5.7 million on purchases. Following completion of the VAT return we will also ensure that the correct element of output and input VAT is allocated to the relevant Group company.

The next return to be completed will be for the period 1 July 2021 to 30 September 2021.

Insurance

During the period payments have been made to the Company's insurance provider for the provision of Director & Officers Liability Insurance for senior officers retained at various group companies that were not in a formal insolvency process.

Payments under Intu (Jersey) 2 Limited funding agreement

The Joint Administrators signed a funding agreement with the liquidators of Intu Jersey 2 Limited (in liquidation) whereby certain payments would be settled by the Company. The Joint Administrators are entitled to deduct these amounts from any future dividend payable by the Company to Intu Jersey 2 Limited.

To date £0.1 million of expenses have been settled subject to this agreement. It is anticipated this will be capable of being recovered in full from the first interim dividend Properties is expected to pay.

2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

3 Dividend prospects

3.1 Secured creditors

The only security granted by the Company is a specific fixed charge in relation to a facility agreement created on 28 August 2014 in favour of Wells Fargo Bank N.A., London Branch (as Facility Agent and Security Trustee for the RCF Lenders). The fixed charge relates to amounts owed to the Company by Intu The Hayes Ltd. We are not aware of any assets owned by the Company that would be subject to this charge.

A further charge, a mortgage of shares created on 31 October 2006, is showing as outstanding at Companies House. However, we understand that this charge has been unconditionally and irrevocably released.

3.2 Preferential creditors

We are not aware of any preferential claims against the Company.

3.3 Unsecured creditors

Based on initial indicative estimates, we anticipate that unsecured creditors should receive a dividend of up to 7p in the £. As mentioned above, during the period, we obtained approval from the Court to make a distribution to unsecured creditors.

Subject to achieving appropriate clearance from HMRC we hope to make an interim distribution before the end of the year. We expect to be able to distribute circa £40 million of cash which represents approximately half of available cash at Properties after making adequate provision for costs.

4 Other matters

4.1 Creditors' Committee

As previously disclosed, a Creditors' Committee was formed on 30 October 2020.

During the period, one member of the Committee resigned. Another member has ceased to be a creditor and so their membership has automatically terminated.

A Committee must have at least three members and so the Committee is not currently quorate. We are inviting creditors to nominate a representative to fill the committee seat to assist the Administrators in discharging their functions and to determine the Administrators' remuneration. Decisions that would otherwise be taken by the Committee will revert to the creditors as a whole, or to the Court, in the event a committee cannot be constituted.

Please can any creditor who wishes to act on the Creditors' Committee respond to intu@interpathadvisory.com by 23.59 on 16 August 2021. If we do not receive any nominations that lead to a creditor being appointed by 16 August 2021, the Committee will cease to be correctly constituted and we will revert to the creditors as a whole.

Section 4.2 below sets out the details of a decision by correspondence being put to the unsecured creditors.

4.2 Decision procedure

Notice of seeking a decision by correspondence is being sent to unsecured creditors. A further copy is available to download and print via the link http://intuproperties.ia-insolv.com for the Company.

The decision by correspondence procedure is being used to seek approval for:

- a revision of our fees estimate;
- a revision of our expenses estimate;
- the drawing of Category 2 expenses including shared costs;
- the drawing of costs for KPMG specialists; and
- any nominations from creditors for members of the Creditors' Committee.

Please note that if the Creditors' Committee remains validly constituted, the votes cast by creditors in relation to the proposed decisions above (aside from nomination for membership of the Committee) will be disregarded.

Creditors' right to request a physical meeting

We will summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company, or (b) 10% in number of creditors or (c) 10 creditors and (2) if the procedures set out below are followed.

Requests for a physical meeting must be made within five business days of the date on which notice of the decision procedure was delivered. They must include:

- a statement of the requesting creditors' claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting.

In addition, the expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a physical meeting, please complete and return the physical meeting requisition form available on our insolvency portal at www.ia-insolv.com/case+INTERPATH+IK624F1201.html.

5 Shared costs of the Administration Companies

The vast majority of payments made on behalf of the Administration Companies have been made by Retail Services utilising the Group's existing BACS facility. This has allowed the payments to be made in a more cost-efficient manner than if individual payments had to be raised in each Administration Company.

As previously reported, a significant amount of these costs will be recharged to the PropCos under the TSA by the relevant Administration Companies (via the Intra-Group Agreement). The balance of these costs will be borne by each of the Administration Companies in accordance with the shared costs allocation described below.

The principles and compliance standards with which insolvency practitioners are required to comply were amended with the introduction of a new SIP9 with effect from 1 April 2021. Further guidance in relation to this SIP was circulated to the profession in June 2021. The revised SIP9 has widened the definition of expenses such that (as it applies to the Administration Companies) any shared payments incurred by Retail Services which are to be allocated to other Administration Companies are to be treated as a Category 2 expense (as defined in Appendix 6) and require approval, before payment.

Quantum of shared costs

The Administrators' costs, KPMG fees, legal costs and professional fees are invoiced to each Administration Company directly and are therefore not shared costs as that term is used in the revised SIP9. The amount of shared costs that potentially need to be treated as Category 2 expenses (from appointment and for the duration of the administrations) are estimated at £56 million. These amounts have been paid by Retail Services or on its behalf in connection with the provision of services and benefits under the TSA. Accordingly, it is expected that a significant majority of these amounts will be recharged to the PropCos under the TSAs and not ultimately allocated to other Administration Companies.

Whilst discussions with the PropCos as to the level of the costs that will be recovered under the TSA remain ongoing, it is currently estimated that £48 million of potential shared costs will be recoverable from the PropCos under the TSA. The estimated balance of £8 million will be apportioned between Retail Services and the other Administration Companies as the provision of the TSA services and benefits ultimately improve the recoveries of each of the Administration Companies (as explained further below).

However, in light of the above dynamic, it is not possible to determine the exact amount of shared costs which fall within the scope of the revised SIP9 until the final TSA True-Up is completed and the amount recharged to PropCos is known.

Prior approval for payment of shared costs

The vast majority of the approximately £8 million of shared costs will have been paid prior to the introduction of the revised SIP9 such that prior approval was not sought. Notwithstanding the revised SIP9 requirements from 1 April 2021, we have continued to make payments to suppliers which could potentially be shared costs without prior approval from creditors and propose to continue with this course of action on the basis that:

- the relevant Administration Company (in the vast majority of cases, Retail Services) was in the majority of instances contractually committed to make such payments prior to the introduction of the revised SIP9 such that delaying payment in order to seek creditor approval risks the Administrators breaching pre-existing payment terms;
- it is not possible to know the extent to which any particular payment will need to be allocated between Administration Companies until the TSA True-up is completed (as referenced above); and
- to date we have settled some 7,200 invoices/credit notes which could constitute shared costs and it would not be cost effective to incur the additional costs involved with analysing each invoice and determining whether or not it could potentially constitute a shared cost.

Overall, we consider it would be detrimental to the interests of the Administration Companies' creditors to change this approach and seek prior approval before paying amounts which may, following completion of the final TSA True-up, be determined to be shared costs within the scope of the revised SIP9.

Basis of allocation of shared costs

For the reasons given above, to date, the Administrators have not sought to allocate any potential shared costs between the Administration Companies. However, it is anticipated that such an allocation exercise will be conducted in due course after the final TSA True-up has been completed. Accordingly, we are seeking creditor approval for the basis of such allocation.

The vast majority of potential shared costs were incurred in furtherance of the Administrators' strategy to realise recoveries for the Administration Companies through the TSA process, the migration of the PropCos and the wind down of any legacy PropCo holding companies remaining in the Group post-migration. Accordingly, the most equitable basis for apportioning shared costs is by reference to the enhanced recoveries derived by each Administration Company from the TSA and PropCo migration and wind down processes. Given it is unlikely the Administration Companies will realise equity value from the PropCo structures, the enhanced recoveries of each Administration Company will be determined by the Administrators by reference to the intercompany recoveries from the PropCos. Whilst the Administrators will base such determination on a number of factors, it is likely that the most useful metrics will be the amount of each Administration Company's entitlement to the PropCo receivables and any intercompany recoveries realised outside of the TSAs.

Approval of shared costs

We are seeking approval to the approach to shared costs described above from unsecured creditors via a decision by correspondence. Please refer to section 4.2 for further details.

We will provide creditors with further information, on a company by company basis, once we are in a position to allocate these costs to each Administration Company.

6 Joint Administrators' remuneration and expenses

6.1 Joint Administrators' remuneration and expenses

Subject to the outcome of our request for nominations for membership of the Creditors' Committee, we are seeking approval from unsecured creditors that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the revised fees estimates provided in Appendix 4 and charge-out rates as set out in Appendix 6;
- expenses for services provided by the Joint Administrators (defined as Category 2 expenses in Statement of Insolvency Practice 9) will be charged in accordance with the revised expenses estimate as set out in Appendix 5 and Interpath's policy as set out in Appendix 6.
- expenses for services provided by KPMG (defined as Category 2 expenses in Statement of Insolvency Practice 9) will be charged in accordance with the cost estimate as set out in section 6.3.

See Section 4.2 for details regarding the decision procedure.

Time costs

From 26 December 2020 to 25 June 2021, we have incurred time costs of £1,627,416. These represent 2,582 hours at an average rate of £630 per hour.

We have previously obtained approval from the Creditors' Committee for all time incurred up to 28 February 2021.

Administrators' Expenses

During the period, we have incurred expenses of £140,693. This includes £140,628 of time incurred by KPMG specialists. Further details of the costs expected to be incurred by KPMG are detailed in section 6.3. None of these expenses have yet been paid.

Additional information

We have attached a revised fee estimate at Appendix 4. Our fee estimate has increased in recognition of additional complexities identified in the period within certain key areas of the administration, including the intercompany reconciliations and international asset realisations, as well as the need for additional strategic oversight to cover these key workstreams. As has been noted below, the administration has been extended to 26 June 2023 by Court order to allow the Administrators additional time to resolve these complexities and further narrative on the current estimated time costs is provided in the Appendix.

Additionally, we have attached a revised expenses estimate at Appendix 5. Our fee estimates have increased from the prior progress report, and further narrative is provided in the Appendix.

We have attached (Appendix 6) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG (for the period from 26 December 2020 to 3 May 2021) and Interpath (for the period from 4 May 2021 to 25 June 2021). We have also attached our charging and expenses policy.

6.2 Pre-administration costs

We have paid pre-administration fees of £107,720 and pre-administration legal fees of £14,634 which were previously disclosed in our proposals and approved in December 2020 by the Creditors' Committee.

6.3 Payment to KPMG

The Joint Administrators have engaged tax, forensic, IT, Property and F-Tech specialists from KPMG ('KPMG specialists') to continue to progress the administration. The decision to appoint specialists from KPMG has been based on their extensive knowledge of the Group and the administration to date.

Up until 4 May 2021, the Joint Administrators and their staff were also partners and employees of KPMG. Therefore, up to 4 May 2021 the time incurred by KPMG specialists forms part of the Joint Administrators' fees.

Time incurred by KPMG specialists from 4 May 2021 has been based on a formal agreement between KPMG and Interpath and will be paid and disclosed separately, as set out in this report. The agreement is based on hourly rates in line with those charged by the administrators.

Whilst KPMG specialists' teams are no longer part of the same organisation as the officeholders, and not considered to be an associate for the purposes of SIP 9, for transparency payments will be subject to the same disclosure and approval as the Joint Administrators' Category 2 expenses, where they have not already been approved as part of the Joint Administrators' remuneration.

Subject to the outcome of our request for nominations for membership of the Creditors' Committee, the Joint Administrators are seeking approval from the unsecured creditors to pay KPMG for time spent by KPMG specialists for their work, detailed above. Further information in relation to the decision procedure is set out in section 4.2. We estimate their costs will be £398,440. Once approved, we will not pay more than this to KPMG without seeking prior approval. Further detail is provided at Appendix 6.

7 Future strategy

7.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- Facilitating receipt of distributions from subsidiary companies (by way of liquidation, dissolution etc);
- Investigating, reconciling and validating historic transactions in order to submit valid intercompany claims and receive and process dividends;
- Reallocating residual costs between the Administration Companies and other Group companies (and apportioning any Additional Receivables collected by Retail Services from PropCos at the outset of the administrations) as envisaged by the Intra-Group Agreement;
- Completing administration corporation tax returns and VAT returns for the relevant periods from our appointment and identifying opportunities to utilise any tax losses to reduce the Company and the wider Group's tax liability;
- Agreeing claims of unsecured creditors with a view to making a distribution at the appropriate time;
- Payment of administration expenses, including our remuneration as approved initially by the Creditors' Committee and following any subsequent approval obtained from either the Creditors' Committee or unsecured creditors; and
- Complying with statutory and compliance obligations.

7.2 Extension of the administration

During the period, the Court granted a 24 month extension to the period of the administration up to 26 June 2023.

7.3 Discharge from liability

At the appropriate time we will seek approval from the Creditors' Committee, unsecured creditors, or the Court, that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

7.4 Future reporting

We will provide a further progress report within one month of 25 December 2021.

Appendix 1 Statutory information

Company information	
Company name	Intu Properties plc
Date of incorporation	14 December 1998
Company registration number	03685527
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL

Administration information	
Administration appointment	The administration appointment granted in High Court of Justice, Business and Property Courts of England & Wales, Insolvency and Companies list (ChD), CR-2020-002884
Appointor	Directors
Date of appointment	26 June 2020
Joint Administrators' details	Jim Tucker, David Pike and Mike Pink
Prescribed Part distribution	The Prescribed Part is not applicable on this case as there are no qualifying floating charge holders
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	26 June 2023

Appendix 2 Joint Administrators' receipts and payments account

intu properties plc - in Administration

Abstract of receipts & payments

Statement of affairs (£)		From 26/12/2020 To 25/06/2021 (£)	From 26/06/2020 To 25/06/2021 (£)
	ASSET REALISATIONS		
	TSA funding - pre-admin recharges	NIL	2,137.64
	Funds received on behalf of 3rd parties	13,180.27	13,180.27
7,882,579.00	Plant & equipment	NIL	NIL
	Furniture & equipment	75,127.83	105,127.83
	Tax refunds (pre-appointment)	2,337.19	2,337.19
6,017,176.00	VAT refunds (pre-appointment)	NIL	NIL
89,611,427.00	Cash at bank	NIL	87,097,566.12
		90,645.29	87,220,349.05
	OTHER REALISATIONS		
	Bank interest, gross	36,221.82	55,031.80
196,030,700.00	Investment in subsidiaries	NIL	NIL
	Sundry refunds	27,886.10	84,048.92
	Trading surplus/(deficit)	131,313.16	(55,466.92)
58,589,376.00	Funds from Members of Intu Properties	NIL	NIL
935,381.00	Trade receivables	NIL	NIL
4,055,823.00	Prepayments - deposits	NIL	NIL
933,925.00	Receipts under Intu (Jersey) 2 Ltd guara	NIL	NIL
		195,421.08	83,613.80
	COST OF REALISATIONS		
	Payments under Intu (Jersey) 2 Ltd guara	(1,300.00)	(66,511.20)
	KPMG's pre-administration fees	(107,720.00)	(107,720.00)
	IT costs	NIL	(110,000.00)
	Administrators' fees	(2,752,467.40)	(2,752,467.40)
	Administrators' expenses cat 1	(5,500.92)	(5,500.92)
	Agents'/Valuers' fees	(17,213.59)	(17,213.59)
	Statutory advertising	(454.00)	(483.63)
	Other property expenses	NIL	(6,346.00)
	Insurance	NIL	NIL
	Bank charges	(220.00)	(351.80)
		(2,884,875.91)	(3,066,594.54)
	PREFERENTIAL CREDITORS		
(44,587.00)	Employees	NIL	NIL

		NIL	NIL
	UNSECURED CREDITORS		
(229,657.00)	Trade & expense	NIL	NIL
(470,529.00)	Employees	NIL	NIL
(724,259,659.00)	Unsecured swap guarantees & RCF	NIL	NIL
(44,851.00)	Unclaimed dividends	NIL	NIL
(391,103,459.00)	Members of intu properties plc	NIL	NIL
(6,022,396.00)	Other creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(677,520,127.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(1,435,638,878.00)		**(2,598,809.54)**	**84,237,368.31**
	REPRESENTED BY		
	Floating charge VAT receivable		613,734.61
	Cash at bank		83,643,675.92
	Floating ch. VAT payable		(20,042.22)
			84,237,368.31

intu properties plc - in Administration

Trading accounts

Statement of Affairs (£)		From 26/12/2020 To 25/06/2021 (£)	From 26/06/2020 To 25/06/2021 (£)
	POST-APPOINTMENT SALES		
	Other income	4,413.25	4,413.25
		4,413.25	4,413.25
	OTHER DIRECT COSTS		
	Direct labour	583,790.01	578,591.82
		583,790.01	578,591.82
	TRADING EXPENSES		
	Rent	NIL	(130,364.00)
	IT costs	(11,693.47)	(11,693.47)
	Telephone/Telex/Fax	(840.00)	(840.00)
	Insurance	(361,000.00)	(361,000.00)
	Professional fees	(39,716.02)	(49,920.99)
	Sundry expenses	(3,640.61)	(42,322.99)
	Work capital fund/overseas subsidiaries	(40,000.00)	(40,000.00)
	Stationery & postage	NIL	(2,330.54)
		(456,890.10)	(638,471.99)
	Trading surplus/(deficit)	**131,313.16**	**(55,466.92)**

The above receipts and payments account does not include any costs that may have been paid by other Group Companies. In due course, these will be reconciled and potentially recharged.

Appendix 3 Schedule of expenses

Schedule of expenses (26/12/2020 to 25/06/2021) Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Other direct costs			
Direct labour	654.10	-	**654.10**
Trading expenses			
IT costs	11,693.47	41,375.22	**53,068.69**
Telephone/Telex/Fax	840.00		**840.00**
Insurance	361,000.00		**361,000.00**
Professional fees	7,868.43	242,542.40	**250,410.83**
Sundry expenses	3,640.61	-	**3,640.61**
Work capital fund/overseas subsidiaries	40,000.00	-	**40,000.00**
Stationery & postage	-	2,712.91	**2,712.91**
Cost of realisations			
Administrators fees	-	1,627,415.50	**1,627,415.50**
Administrators disbursements	-	65.06	**65.06**
KPMG fees	-	140,627.75	**140,627.75**
Payments under Intu (Jersey) 2 Ltd guarantee	1,300.00	163,913.13	**165,213.13**
Agents'/Valuers' fees	17,213.59	-	**17,213.59**
Statutory advertising	454.00	-	**454.00**
Other property expenses	-	234,681.93	**234,681.93**
Bank charges	220.00	-	**220.00**
TOTAL	**444,884.20**	**2,453,333.90**	**2,898,218.10**

The above schedule of expenses for the period to 25 June 2021 has been prepared using the information available at the time of writing. Due to the complexity of the payments across the Group it is possible that invoices relating to the period have not yet been received and so are not captured here.

As set out in Section 2.1 (Intra-group agreement) certain costs paid by Retail Services may be reallocated to the appropriate Administration Companies. The reallocation between the Administration Companies will not be undertaken until the majority of costs have been incurred and finalised and therefore is not reflected in the table above.

Please note that there is a difference between the payments made during the period of £3,341,766 (per the receipts and payments account) and the expenses incurred and paid in the period of £444,884 (per the schedule of expenses). This is due to the fact that some of the payments made in the period relate to expenses incurred in a prior period.

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by emailing us at intu@interpathadvisory.com or by writing to the Joint Administrators of Intu Properties plc, c/o 15 Canada Square, Canary Wharf, London, E14 5GL.

Appendix 4 Joint Administrators' revised fees estimate

	Narrative	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)	Additional estimated total hours	Additional estimated time cost (£)	Estimated average hourly rate (£)	(£)
Cashiering - processing receipts, payments and bank reconciliations		197	75,375	383	(56)	(18,451)	331	56,924
General - books & records, fees & work in progress		332	157,888	476	175	77,655	445	235,543
Strategy, statutory and compliance – strategic planning and execution, appointment & related formalities, bonding, checklist & reviews, advertising	1	1,689	1,031,241	611	1,050	744,120	709	1,775,361
Tax - VAT & Corporation tax, initial reviews, pre and post appointment tax		434	256,272	590	32	58,953	1,842	315,226
Employees		-	-		3	1,654	591	1,654
Committee - formation and reports, meetings	2	510	308,000	604	336	183,053	545	491,053
Creditors and claims - general correspondence, notification of appointment, statutory reports	3	1,597	937,464	587	1,387	732,786	528	1,670,250
Investigations - director conduct and affairs of the Company		96	75,505	787	(61)	(55,859)	916	19,646
Directors - correspondence, directors' questionnaire / checklist, statement of affairs		67	31,000	459	(0)	(17)		30,983
Asset Realisation - including insurance of assets	4	697	527,796	758	1,128	706,036	626	1,233,832
Trading - purchases, sales, cash projections		1,243	909,959	732	(103)	(182,193)	1,771	727,765
Total		6,861	4,310,500	628	3,891	2,247,736	578	6,558,236

In April 2021, we provided a substantial update on administration costs across the Administration Companies to the PLC Creditors' Committee. At that time, we estimated Administrator fees across the Administration Companies of c£33 million, of which c£20 million was estimated to be recharged to PropCos.

Given the additional work carried out since April 2021 on intercompany claims in particular, key to both the group-wide creditor claims process and likely increased realisations from PropCos, our latest estimated aggregate Administrator fees across the Administration Companies is c£35 million, of which c£20 million is estimated to be recharged to PropCos.

Our initial fee estimate for the Company has increased by £2.25 million to £6.56 million to reflect additional work required to conclude the administration and below we comment on the material increases to our forecast time cost estimates. As noted above, the majority of this increase was set out in our April 2021 report to the PLC Creditors' Committee.

As part of our latest forecasting exercise, we have considered key factors that have materially affected the previous forecast estimate to aide in explaining the material increases to our forecast in this report. These factors include a greater understanding of the complexities within certain workstreams, such as international asset realisations and intercompany balances.

Additionally, and in recognising these complexities during the initial period, the administration was extended by Court order to 26 June 2023 to permit the Administrators time to overcome these issues and deliver an effective outcome for creditors.

Note 1 – Strategy, statutory and compliance

We have increased our initial fee estimate in this workstream by £0.75 million (representing c.1,050 hours) to £1.78 million (previously £1.03 million) to reflect significant amounts of senior time still required to oversee the engagement and ensure the strategy is appropriate and well executed.

We continue to engage in seven different workstreams (including tax, intercompany claims agreement, creditor claims agreement, entity priority modelling, asset realisations, etc.) with 38 team members involved and therefore a significant amount of strategic oversight and project management is required to ensure effective delivery of the objectives of the administration for the period up to 26 June 2023.

Note 2 and 3 – Committee, Creditors and claims

We estimate incurring additional time costs of £0.92 million (representing c.1,723 hours) revising our total time cost estimate to £2.17 million (previously £1.25 million) in dealing with creditor engagement related matters, including the constitution and reporting requirements of a revised Committee, an Entity Priority model to enable a distribution to creditors and the ongoing detailed analysis of the complex intercompany position, as well as a detailed claims adjudication process.

In particular, our analysis of intercompany claims has resulted in protracted discussions with multiple parties to gauge an accurate understanding of the balances due between each of the entities, including understanding and quantifying the material intercompany claims to test their veracity, and to fully understand and explain the quantum of the balances. This work has included engaging with the PropCo structures in recovering a significant amount of Further Receivables.

Given that some of the originating balances are significantly aged (by a number of years), it has taken time to find appropriate documents to support and explain transactions. These inter-company sub-workstreams are largely complete and the remaining aspects include the final negotiations with the PropCo structures and the creditor claim adjudication process.

Note 4 – Asset realisation

We have increased our initial fee estimate in this workstream by £0.7 million (representing c.1,128 hours) to £1.23 million (previously £0.53 million). The Company assets comprise largely of investments in subsidiaries as well as plant & equipment, cash, intercompany receivables and trade receivables. Our work includes pursuing the realisation of these assets, with particular focus on the intercompany receivables, equity disposals and consequential separation matters where additional complexities have arisen.

Additionally, the Administrators are pursuing potential asset realisations in relation to a number of Indian retail and property assets held in Properties' portfolio, as noted in further detail in our report above.

In addition, a number of assets, including furniture and equipment, direct labour refunds and digital assets were realised in the period.

Appendix 5 Joint Administrators' revised expenses estimate

	Narrative	Previous estimate for Intu Properties plc - in Administration (£)	Revised estimate for Intu Properties plc - in Administration (£)
Employee costs	1	292,065	(42,256)
IT costs		922,663	819,824
Other costs	2	792,986	1,068,419
Advertising / PR		105,565	124,741
Legal fees	3	2,583,449	2,130,781
Other property expenses	4	942,616	629,389
Insurance		648,633	643,378
External advisor fees	5	1,310,096	1,911,247
Interpath pre-administration fees		107,763	107,763
Pre-appointment legal fees		14,990	14,602
KPMG fees (post May 2021)	6	-	398,440
Service charge costs directly relating to PropCos		-	1,207
PropCo direct costs		-	-
Contingency (assumed recharged under TSA)		233,360	251,763
Total		**7,954,185**	**8,059,299**
Less: Costs recharged under TSAs		(3,849,230)	(4,112,473)
Net total expenses		**4,104,955**	**3,946,826**

Overview

Detailed work on our strategy for this engagement, which explains how and why the above costs are expected to be incurred is set out in Section 2.1. The estimates in the table above for Properties reflect an estimate of the costs that are contractually borne by the Company and will be subject to change as the engagement is progressed.

Note 1 - Employee costs

Employee costs represent third party costs paid for temporary staff. An estimate of this amount is included in the "Costs recharged under TSAs" estimate, however, the ultimate recharge will be calculated on actual costs incurred and paid.

The credit position results from a health insurance refund during the period.

Note 2 - Other costs

Other costs have increased as dataroom costs incurred were higher than previously forecast and a number of ransom payments were made in the administration period that were not previously anticipated.

Note 3 - Legal fees

Legal fees expected to be incurred during the administration by our lawyers, primarily Linklaters, have reduced from previous estimates. In addition, we anticipate a partial recovery of legal fees from Cribbs and Arndale.

Note 4 - Other property expenses

Other property expenses decreased as specific valuation costs have been reallocated to external adviser fees.

Note 5 - External advisor fees

Our estimated external advisor fees have increased as the legal and consulting fee forecast has been extended for a further 6 months and Crestbridge Advisor fees have been forecast for management of other Group entities. In addition, there has been a reallocation of Property Valuation fees from Other Property Expenses.

Note 6 - KPMG Fees

Up until 4 May 2021, the Joint Administrators and their staff were partners and employees of KPMG and so the costs incurred by KPMG specialists formed part of the Joint Administrators' fees. Time incurred by KPMG specialists from 4 May 2021 onwards has been disclosed separately in this summary. These costs relate to time incurred for work relating to tax, forensics, IT, Property and F-Tech. The decision to appoint specialists from KPMG has been based on their extensive knowledge of the Group and the administration to date. Time incurred by KPMG specialists has been based on a formal agreement and is based on hourly rates in line with those charged by the Administrators.

Please refer to section 6.3 for further detail.

Appendix 6 Joint Administrators' charging and expenses policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of in-house KPMG (until 3 May 2021) and Interpath Advisory (from 4 May 2021) tax, VAT, employee, forensics, IT, TSA True Up and F-Tech specialists. Until 4 May 2021 time charged to the administration by these specialists included time charged by specialists from the same organisation as the officeholders and their staff. However, on 4 May 2021 KPMG sold its UK Restructuring business to Interpath Ltd ('Interpath'). From 4 May 2021 the majority of this work will be undertaken by Interpath, with other aspects provided by KPMG specialists. Please see section 6.3 for further information on future payments to KPMG.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/

If you are unable to access this guide and would like a copy, please contact us at intu@interpathadvisory.com.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Table of charge-out rates

Partner / Managing Director	920
Director	810
Senior Manager	710
Manager	565
Senior Administrator	415
Administrator	315
Support	157

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of expenses

Where funds permit, the officeholders will seek to recover both Category 1 and Category 2 expenses from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Expenses: These are any payments which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements which are payments first met by the office holder, and then reimbursed to the office holder from the estate.

Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 expenses: These are payments to associates or which have an element of shared costs. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Associates: are defined in the insolvency legislation but also extends to parties where a reasonable and informed third party might consider there would be an association between the third party and the office holder or their firm. Included in the summary of expenses table below are the costs incurred by KPMG specialists (including tax, forensics, TSA True Up and F-Tech specialists) for the period from 4 May 2021 to 25 June 2021. As noted above, until 4 May 2021 these KPMG specialists were part of the same firm as the office holders. On 4 May 2021, KPMG LLP sold its Restructuring business in the UK to Interpath. Whilst we do not consider KPMG are an associate of Interpath, for transparency, we are requesting approval to pay KPMG specialists up to the amounts estimated below, from the unsecured creditors.

Category 2 expenses charged by Interpath Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

Use of privately-owned vehicle or car cash alternative – 45p per mile.

Use of company car – 60p per mile.

Use of partner's car – 60p per mile.

For all of the above car types, when carrying Interpath passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following expenses (excluding VAT) during the period 26 December 2020 to 25 June 2021.

KPMG specialists	NIL	NIL	NIL	140,627.75	**140,627.75**
External printing	NIL	11.30	NIL	NIL	**11.30**
Postage	NIL	5.76	NIL	NIL	**5.76**
Professional and legal fees	NIL	48.00	NIL	NIL	**48.00**
Total	**0.00**	**65.06**	**NIL**	**140,627.75**	**140,692.81**

Please note that this table includes expenses incurred by Interpath and is therefore unlikely to reconcile with the expenses shown in the Schedule of Expenses.

We have the authority to pay Category 1 expenses without the need for any prior approval from the creditors of the Company.

Category 2 expenses, including KPMG specialists, are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 26 December 2020 to 25 June 2021

The key areas of work have been:

Trading and support under the terms of the TSAs	preparing cash flow statements to monitor the cash position; attending to supplier and customer queries and correspondence; raising, approving and monitoring purchase orders and setting up control systems for trading; negotiating and making direct contact with various suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support; preparation of supporting materials for PropCos / stakeholder discussions; providing cost updates in respect of TSAs; Working with PropCos on migration activities.
Statutory and compliance	collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences; posting information on a dedicated web page; preparing statutory receipts and payments accounts; obtaining approval from the Court of a 24-month extension of the administration; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; briefing of our staff and KPMG staff on the administration strategy and matters in relation to various work-streams; regular case management and reviewing of progress, including regular team update meetings and calls; meeting with management to review and update strategy and monitor progress; reviewing and authorising junior staff correspondence and other work; dealing with queries arising during the appointment; reviewing matters affecting the outcome of the administration; allocating and managing staff/case resourcing and budgeting exercises and reviews; liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; complying with internal filing and information recording practices, including documenting strategy decisions; Reviewing the large number of subsidiary entities owned by the Company and identify any that require strike off or liquidation.
Cashiering	setting up administration bank accounts and dealing with the Company's pre-appointment accounts; preparing and processing vouchers for the payment of post-appointment invoices; creating remittances and sending payments to settle post-appointment invoices; reconciling post-appointment bank accounts to internal systems; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	gathering initial information from the Company's records in relation to the taxation position of the Company; reviewing the Company's pre-appointment corporation tax and VAT position; analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; working initially on tax returns relating to the periods affected by the administration; analysing VAT related transactions; liasing with HMRC to set up new VAT group; dealing with post appointment tax compliance.
Shareholders	responding to enquiries from shareholders regarding the administration.
General	reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; drawing remuneration in accordance with the basis which has been approved by the creditors' committee; locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Asset realisations	collating information from the Company's records regarding the assets; liaising with agents regarding the sale of assets; liaising with third party financial institutions for the realisation and recovery of cash at bank and invested in Money Market funds;

	reviewing outstanding third party debtors and management of debt collection strategy; liaising with Company credit control staff and communicating with debtors; reviewing and reconciling the inter-company debtor position between the Company and other group companies.
Property matters	completion of the end of lease arrangements for the Head Office.
Sale of business	planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers;
Health and safety	liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; liaising with the Health and Safety Executive and the competent authority regarding the administration and ongoing health and safety compliance.
Open cover insurance	arranging ongoing insurance cover for the Company's business and assets; liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; assessing the level of insurance premiums; Review and renew the D&O cover.
Employees	dealing with queries from employees regarding various matters relating to the administration and their employment; dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments.
Creditors and claims	creating and updating the list of unsecured creditors; responding to enquiries from creditors regarding the administration and submission of their claims; reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; drafting our progress report; Submitting an application to Court to obtain approval to make distributions to unsecured creditors at the appropriate time; Reviewing material claims against the estate and seeking legal advice on validity where appropriate; Preparing an entity priority model to map the flows of funds from any distribution; Validate and review inter-company transactions.
Committee	arranging and chairing the meeting of the Creditors' Committee and providing regular updates to committee members.

Time costs

SIP 9 –Time costs analysis (26/12/2020 to 25/06/2021)	Hours	Time Cost (£)	Average Hourly Rate (£)
Trading			
Asset Realisation			
Pre-appointment tax & VAT refunds	**30.40**	21,176.50	696.60
Cashiering			
General (Cashiering)	**26.05**	10,103.45	387.85
Tax			
Initial reviews - CT and VAT	**3.90**	3,159.00	810.00
Post appointment corporation tax	**258.90**	163,596.00	631.89
Post appointment VAT	**6.40**	4,817.50	752.73
Trading			
Trading Management	**10.15**	8,196.25	807.51
Administration & planning			
General			
Books and records	**31.45**	18,110.75	575.86
Fees and WIP	**49.60**	23,360.50	470.98
Statutory and compliance			
Extension related formalities	**21.80**	15,953.50	731.81
Budgets & Estimated outcome statements	**46.80**	30,231.50	645.97
Checklist & reviews	**12.60**	6,003.00	476.43
Strategy	**5.60**	4,746.00	847.50
Creditors			
Committees			
Formation and reports	**168.85**	103,121.50	610.73
Meetings	**17.65**	13,962.75	791.09
Creditors and claims			
General correspondence	**89.05**	39,668.25	445.46
Agreement of claims	**236.10**	156,807.25	664.16
Intercompany creditor agreement	**342.20**	193,175.25	564.51
Statutory reports	**122.30**	83,196.50	680.27
Pre-appointment VAT / PAYE / CT	**6.80**	4,878.00	717.35
General analysis			
Asset Realisation			
Investments in India	**21.20**	15,922.50	751.06
Investments in Propco subsidiaries	**19.50**	16,125.00	826.92
Propco liaison/disposal	**57.50**	49,578.00	862.23
Statutory and compliance			
Engagement management and workstream oversight	**371.40**	267,162.00	719.34

PMO function	**23.20**	16,121.50	694.89
GDPR and data protection	**16.80**	12,073.00	718.63
Legal entity simplification	**412.50**	235,162.50	570.09
TSA - wind-down activities	**30.30**	12,693.00	418.91
Cash and investments	**52.50**	37,375.00	711.90
Insurance	**43.50**	28,862.50	663.51
Other assets	**46.97**	32,044.05	682.22
Total in period	**2,581.97**	**1,627,415.50**	**630.30**
Brought forward time as previously reported (appointment date to SIP 9 period start date)	5,031.14	3,084,520.70	
Adjustments made following further reconciliation and analysis	39.60	27,653.00	
Adjusted brought forward time (appointment date to SIP 9 period start date)	5,070.74	3,112,173.70	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	2,581.97	1,627,415.50	
Carry forward time (appointment date to SIP 9 period end date)	7,652.71	4,739,589.20	

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 7 Intercompany receivables

We include below a full list of the intercompany balances that was prepared by the Directors for the Statement of Affairs of the Company dated 12 August 2020 (Book Value). As a result of the detailed review of intercompany accounts we have identified adjustments to certain of the balances. Further adjustments may be required if additional information comes to light or is received during the claims adjudication process.

Debtor entity	Book Value (£)	Adjustment identified (£)	Updated balance owing (£)
Liberty International Group Treasury Limited (1)	806,682,656	(79,527,880)	727,154,776
Nailsfield Limited	51,097,187	-	51,097,187
Intu Holding SARL - GBP	36,928,805	-	36,928,805
Intu Shopping Centres plc	5,204,977	-	5,204,977
Libint (Proprietary) Limited	2,814	-	2,814
The Chapelfield Partnership	692	23,239	23,931
Broadway Retail Leisure Limited	596	-	596
The Trafford Centre Limited	390	180,410	180,800
Braehead Glasgow Limited	120	81,663	81,783
The Metrocentre Partnership	93	89,727	89,820
Intu Lakeside Limited	88	84,429	84,517
Metropolitan Retail JV (Jersey) Unit Trust	29	5,731	5,760
The Wilmslow (No. 3) Limited Partnership	28	79,368	79,396
Intudigital Limited	15	-	15
Victoria Centre Partnership	9	63,284	63,293
The Broadmarsh Retail Limited Partnership	4	20,288	20,292
Total	**899,918,503**	**(78,899,741)**	**821,018,762**

(1) See section 2.1 for further detail

Appendix 8 Intercompany liabilities

We include below a full list of the intercompany balances that was prepared by the Directors for the Statement of Affairs of the Company dated 12 August 2020 (Book Value). As a result of the detailed review of intercompany accounts we have identified adjustments to certain of the balances. Further adjustments may be required if additional information is received during the claims adjudication process.

Creditor entity	Statement of Affairs amount (£)	Adjustments Identified (£)	Indicative claim subject to adjudication (£)
Intu (Jersey) 2 Limited*	376,649,590	-	376,649,590
Intu Spain Limited	13,677,622	1,273,610	14,951,232
Intu Investments Limited	763,629	-	763,629
Sprucefield No.2 Limited Partnership	10,752	(10,752)	-
Intu (Jersey) Limited	1,761	-	1,761
Intu (SGS) Topco Limited	100	-	100
Liberty Capital plc	2	-	2
Liberty International Construction and Development	1	-	1
Intu Shelfco 3 plc	1	-	1
Intu Metrocentre Topco Limited	1	-	1
Total	**391,103,459**	**1,262,858**	**392,366,317**

*Claim received from Intu Jersey 2 Limited of £376,640,625.

Appendix 9 Indicative Estimated Outcome

£'000	Properties
Realisations	
Day 1 cash	87,098
Debtors and prepayments	57
Propco receivables	479
Intercompany distributions	20,803
Other	648
Total realisations	109,085
Realisation costs (net of recoveries under the TSA)	
Administrators' fees	(5,114)
KPMG fees	(306)
Legal and professional	(2,145)
External advisory fees	(748)
Management fees	(27)
Shared costs/Other TSA costs	(182)
Contingency	(273)
Preferential creditors	-
Total realisation costs	(8,795)
Total estimated net realisations / (deficit)	**100,290**

Unsecured creditors	
Unsecured creditors	1,499,261
Estimated total dividend - pence in the £	
Unsecured creditors	**0.07**

£'000	Properties
Unsecured creditors - Company liability	
Trade and other payables	(5,537)
RCF	(581,151)
Intercompany payable	(392,365)
Total Company liability claims	(979,052)
Unsecured creditors - Guarantor claims	
Convertible Bonds	(376,640)
Swaps	(143,569)
Total guarantor claims	(520,209)
Total unsecured creditors	**(1,499,261)**

Indicative estimated outcome – important notes

- All creditor claims will be adjudicated as part of the dividend process. The receipt of any material claims (including any litigation and tax charges) that we are not yet aware of will impact the return to creditors.
- We have not included an estimate for any overseas asset realisations at this time due to the uncertainty of timing, outcome and costs to realise.
- The TSA process will continue until all matters are resolved and all costs correctly accounted for and settled with each PropCo. Until this process is complete the costs and recoverable amounts remain subject to change and this could impact all estates. Costs shown in the table above are net of recoveries under the TSA and so will not agree to other schedules in this report that describe the total cost.
- The intercompany workstream and corporate simplification workstream are well progressed but additional issues could still arise that we are not yet aware of that may materially impact returns.
- We repeat the point made in the notices to this report that this report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group. Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Appendix 10 Glossary

Administration Companies	Intu Properties plc, Intu Shopping Centres plc, Liberty International Holdings Limited, Liberty International Group Treasury Limited, Intu Management Services Limited, Intu Retail Services Limited, Intu RS Limited and Intu Energy Limited (all in administration)
Centres	The Group's interest in the following shopping centres: Intu Braehead & Soar at Braehead, Intu Broadmarsh, Intu Eldon Square, Intu Lakeside, Intu Merry Hill, Intu Milton Keynes, Intu Potteries, Intu Trafford Centre, Intu Victoria Centre, Intu Watford, Intu Chapelfield, Intu Derby, Intu Metrocentre, Intu Uxbridge, Intu St Davids (Cardiff)
Company/PLC/Properties	Intu Properties plc (in administration)
Convertible Bonds	£375,000,000 2.875 percent. Guaranteed Convertible Bonds due 2022 issued by Intu (Jersey) 2 Limited
Group/Intu	The Company, together with the Administration Companies and some 251 subsidiaries in the Intu Group;
IIPL	Intu India (Portfolio) Limited
Interpath	Interpath Advisory Ltd
Intu Energy	Intu Energy Limited

Intu Jersey	Intu (Jersey) 2 Limited (now in liquidation)
Intu RS	Intu RS Limited
Joint Administrators/Administrators/we/our/us	Jim Tucker, David Pike and Mike Pink
JV	Joint Venture
KPMG	KPMG LLP
LIGTL	Liberty International Group Treasury Limited
LIHL	Liberty International Holdings Limited
Linklaters	Linklaters LLP
Management Services	Intu Management Services Limited
Nailsfield	Nailsfield Limited
Noteholders	The holders of the Convertible Bonds
PIPL	Prozone Intu Properties Limited
PropCos	Property owning companies within the Intu Group
RCF	Revolving credit facility dated 25 February 2009 as amended from time to time, under which Properties is the borrower

RCF Lenders	The lenders under the RCF
REIT	Real Estate Investment Trust
Retail Services	Intu Retail Services Limited
SIP 9	Statement of Insolvency Practice 9 – Payments to insolvency office holders and their associates from an estate (effective from 1 April 2021).
Shopping Centres	Intu Shopping Centres plc
TopCo	A company within the Group which is not a PropCo and which includes the Administration Companies
TSA	Transitional Services Agreement
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 11 Notice: About this report

This report has been prepared by Jim Tucker, David Pike and Mike Pink, the Joint Administrators of Intu Properties plc – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

James Robert Tucker, David John Pike and Michael Robert Pink are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – www.interpathadvisory.com/privacy-insolvency.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Interpath Ltd does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

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