

AM03

Notice of administrator's proposals



Companies House

THURSDAY



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12/07/2018 #192
COMPANIES HOUSE

1 Company details

Company number 06020013

Company name in full Perfect Home Finance Ltd

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

2 Administrator's name

Full forename(s) Robert James

Surname Harding

3 Administrator's address

Building name/number 1 New Street Square

Street London

Post town EC4A 3HQ

County/Region

Postcode

Country

4 Administrator's name

Full forename(s) Philip Stephen

Surname Bowers

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number Four Brindleyplace

Street Birmingham

Post town B1 2HZ

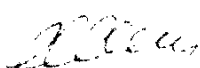
County/Region

Postcode

Country

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

AM03
Notice of Administrator's Proposals

6		Statement of proposals									
		☒ I attach a copy of the statement of proposals									
7		Sign and date									
Administrator's Signature	Signature 										
Signature date	<table border="1"><tr><td>^d 1</td><td>^d 1</td><td>^m 0</td><td>^m 7</td><td>^y 2</td><td>^y 0</td><td>^y 1</td><td>^y 8</td></tr></table>			^d 1	^d 1	^m 0	^m 7	^y 2	^y 0	^y 1	^y 8
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AM03 Notice of Administrator's Proposals



Presenter information

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

Contact name	Rohan Chacko
Company name	Deloitte LLP
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Postcode	
Country	
DX	
Telephone	+44 121 632 6000



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 and dated 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

Deloitte.

Temple Retail Limited ("TR") and Perfect Home Finance Ltd ("PHF") (both in administration) (together "the Companies")

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT
TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT
1986 (AS AMENDED) ("the Act").

High Court of Justice
Business and Property Courts
of England and Wales

TR
Court Case No. 005598 of 2018
Company Number: 5981917

PHF
Court Case No. 005599 of 2018
Company Number: 06020013

Registered Office:
c/o Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

Robert James Harding and Philip Stephen Bowers ("the Joint Administrators") were appointed Joint Administrators of the Companies on 4 July 2018. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners.

For the purposes of paragraph 100(2) of Schedule B1 of the Act, the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

11 July 2018



Deloitte LLP
Four Brindleyplace
Birmingham B1 2HZ
Tel: +44 (0) 20 7936 3000
Fax: +44 (0) 20 7583 1198
www.deloitte.co.uk

Temple Retail Limited and Perfect Home Finance Ltd (in administration)

This Statement of Joint Administrators' Proposals ("the Proposals") has been prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires that we, as the Joint Administrators, provide creditors with details of our proposals to achieve the purpose of the administrations.

We do not think that the Companies have sufficient property to enable a distribution to be made to unsecured creditors, other than under the prescribed part provisions pursuant to section 176A of the Act, ("the Prescribed Part"). As such we are not required to ask creditors to approve our proposals unless requested to do so by creditors whose total debts amount to at least 10% of the total debts of either Company.

If you would like to ask us to hold a decision procedure to consider our proposals please complete a Form for Requisitioned Decisions which is available for download from the website set up for the administration at www.deloitte.com/uk/perfecthome and return it to us by post or email no later than 23 July 2018. Please note that a deposit of £1,000 will be required towards the costs of initiating the decision procedure; such deposit may be refunded as an expense of these proceedings under Rule 15.19(4) Insolvency Rules 2018 ("the Rules"), if so decided by creditors.

In the event that a request for a decision procedure is not received by us within the above deadline, our proposals will be deemed approved on 23 July 2018 and a notice to that effect will be filed at Companies House.

We have also included the following information in this report:

- background of the Companies;
- the circumstances giving rise to the appointment of the Joint Administrators;
- the progress of the administrations to date; and,
- the Joint Administrators' proposals for achieving the objective of the administrations (Appendix E).

Yours faithfully
For and on behalf of the Companies

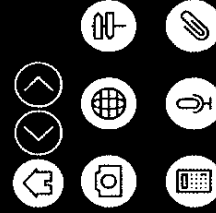
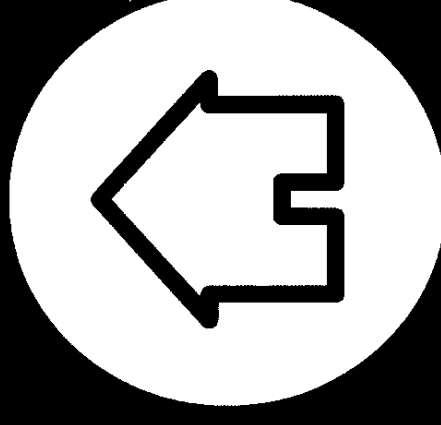
Joint Administrators

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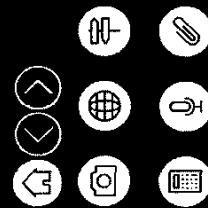
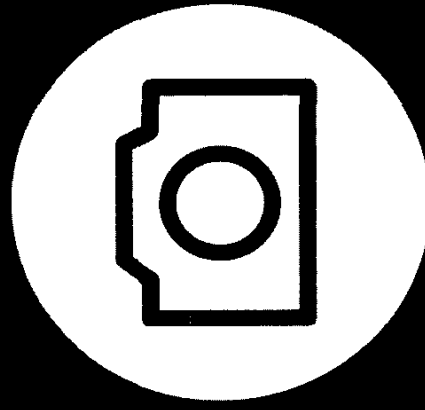
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Key messages



Key messages

Joint Administrators of the Companies

Robert James Harding
Philip Stephen Bowers

Deloitte LLP

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EC4A 3HQ

Contact details

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rohanchacko@deloitte.co.uk

Website:

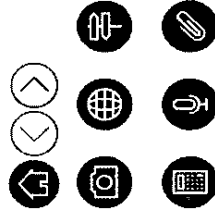
www.deloitte.com/uk/perfecthome

Tel: 0203 741 2932

Address:

Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

**Date proposals delivered to
creditors: 11 July 2018**



	Commentary
Purpose of the administration	The purpose of the administration will be to achieve a better result for the Companies' creditors as a whole than a liquidation.
Pre pack	The business and assets were sold on 5 July 2018 as detailed in our SIP 16 Statement dated 11 July 2018, a copy of which can be viewed on www.deloitte.com/uk/perfecthome.
Joint Administrators' strategy	The Companies ceased trading on 4 July 2018 and the business and assets of the Companies were sold in a pre-packaged transaction on 5 July 2018 to an SPV affiliated to Elliott Advisers (UK) Limited ("Elliott"). The Senior Lender is an associated entity within the same group as Elliott.
Approval of the proposals	As there is no prospect of any funds being returned to unsecured creditors (other than by way of the Prescribed Part), our proposals will be deemed approved by creditors unless a decision procedure is requested under Rule 15.18. Please refer to Appendix E for further details.
Estimated Timescale	On current information the duration of the administration is not likely to exceed 12 months following which it is anticipated that the Companies will move to dissolution as detailed at page 15.
Estimated Costs and Estimate of work required to be done	- No amounts will be drawn from PHF by way of our remuneration as Joint Administrators. - As regards TR, funds available for all administration expenses are expected to total approximately £375k. This will be used to pay Administrators' fees, legal fees, and all other administration expenses. - We will propose that the basis of our remuneration be a fixed fee of £375k. However, we anticipate that the actual Administrators' fees paid, after allowing for legal fees etc., will be lower. - We have provided an outline of the work we propose to undertake and our anticipated costs for so doing at Appendix D1. - We anticipate that disbursements of approximately £1,030 will be incurred over the duration of the appointment as detailed at Appendix D2. - We anticipate that third party costs in relation to legal fees will be in the region of £50k over the duration of the appointment as detailed on page 18.
Estimated Outcomes	On current information, we anticipate the following outcome for each category of creditor: - Secured creditor(s) – The secured creditors will not be repaid in full. - Preferential creditors – There will not be any preferential creditors. - Unsecured creditors – It is likely that there will be a distribution for unsecured creditors via the Prescribed Part only.
Proposals	Our proposals for managing the business and affairs of the Companies can be found on page 13.



Background

The Companies/Group

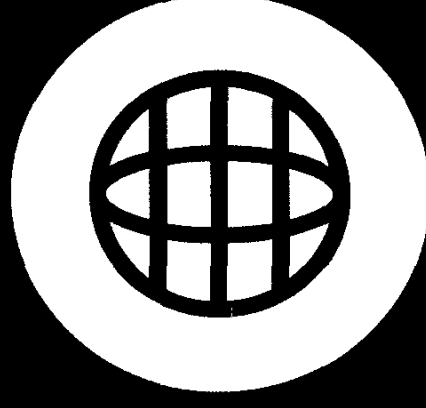
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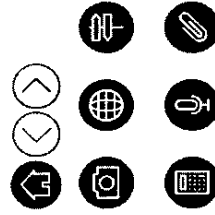
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Background

Overview

Temple Retail Limited and Perfect Home Finance Ltd were, respectively, trading and holding companies within the Group, which operated as a household goods retailer, regulated by the FCA, providing loans to its customers who acquire goods on a "rent-to-own" basis.

A Group structure is set out overleaf.

Debt and Liabilities

The Group was financed by facilities provided by the Senior Lender (to PHC) and the Junior Lender (to PHF), which are governed by various loan and security agreements, together with an intercreditor agreement.

The Junior Lender is subordinated to the Senior Lender under the Finance Documents.

In summary terms, all of the Group's assets are charged in a security package, firstly for the benefit of the Senior Lender (created on 5 December 2017), then for the benefit of Barclays (created in 2 February 2002) and then for the benefit of the Junior Lender (created on 5 December 2017).

Amounts outstanding at appointment were:

- Senior Lender - £14.0m
- Barclays - £0.1m
- Junior Lender - £17.1m

Assets

The Group's main asset was its debtor book, which had a gross book value at 27 June 2018 (exc. provisions) of c.£31m.

The debtor ledger excluded certain future receivables which were not yet recognised by the Group (such as interest as it accrues etc). The total value of net future receivables ("NFR") was c.£51m as at 27 June 2018 (this amount excludes provisions and operating costs of collection).

Operations

The Group operates through two main trading entities: Temple Retail Limited ("TR") and Temple Finance Limited ("TF").

TF is regulated by the FCA and conducts the Group's financing activities with customers.

TR holds the stock for the Group (which it sells to TF) and is an Appointed Representative to TF to carry on certain regulated consumer credit activities.

Although receivables were initially held by TF, the majority of receivables were periodically sold to Perfecthome Capital Limited ("PHC") pursuant to the Finance Documents (as security for the Senior Lender's funding).

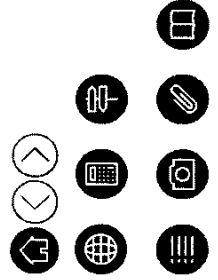
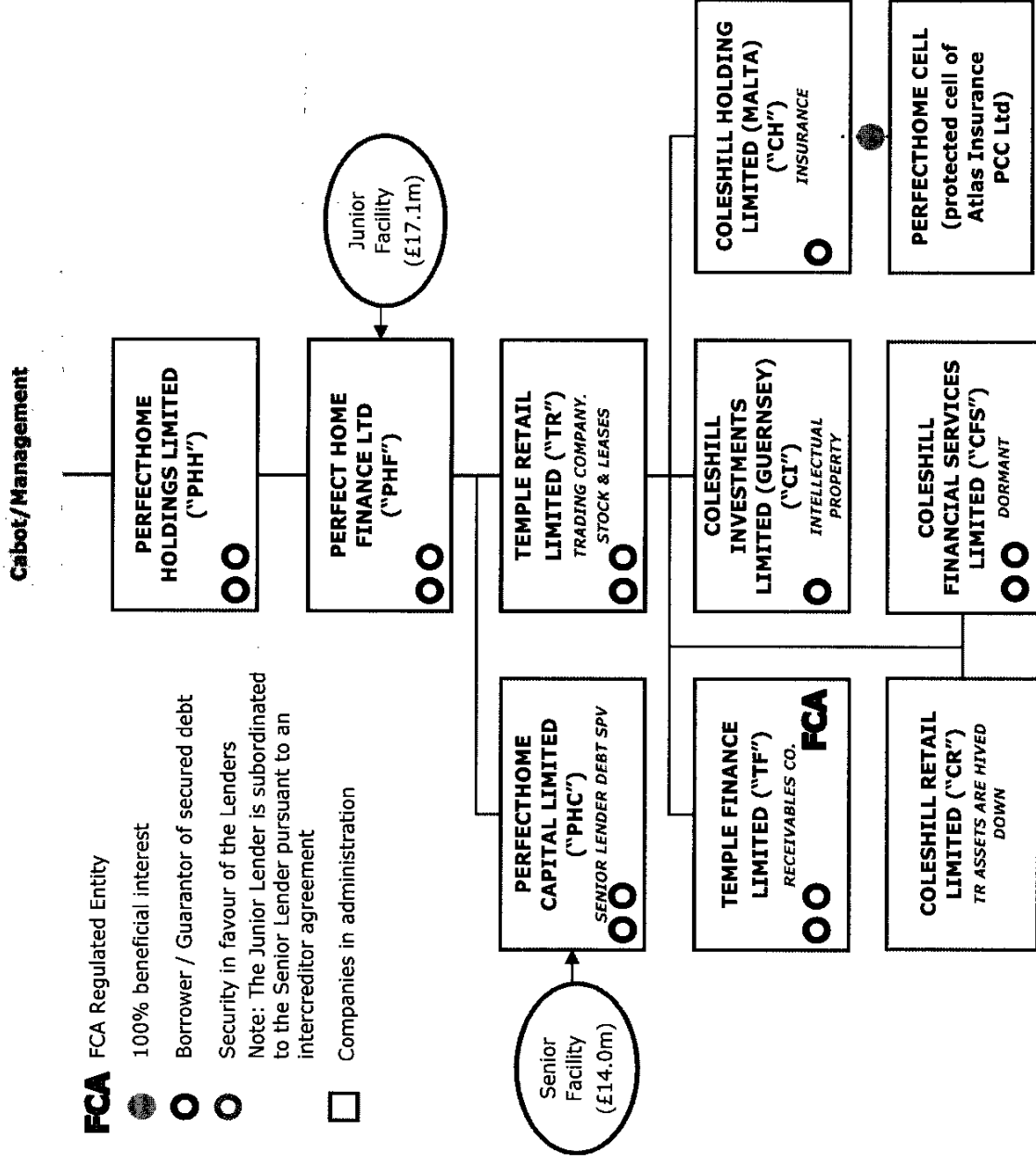
As at the date of the Joint Administrators' appointment, the directors of the Companies were James Roy Clark, Michael William Cooper, Alaric Michael Smith, Michael John Sweetland and Anthony Winter.

Employees

As at 4 July 2018, the Companies employed approximately 270 staff, jointly employed between TR and TF with no staff employed by PHF.

Background The Companies / Group

Summary Group Structure



Background

Summary financials

Temple Retail Limited

Summary consolidated profit and loss account

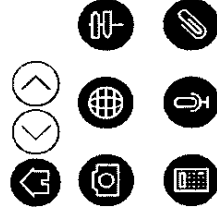
£'000	Management Accounts for 12 months to	Statutory Accounts for Long period to	Statutory Accounts for 12 months to
	01-Apr-18	01-Apr-17	26-Mar-16
Turnover	33,662,285	62,740,864	70,254,995
Cost of Sales	(15,349,878)	(47,025,060)	(28,356,111)
Gross Profit	18,312,407	15,715,804	41,898,884
Gross Margin %	54%	25%	60%
Other Expenses	(34,327,265)	(61,987,168)	(46,446,022)
(L)/EBIT	(16,014,857)	(46,271,364)	(4,547,138)

Temple Retail Limited - Summary balance sheet

£'000	Management Accounts as at	Statutory Accounts as at	Statutory Accounts as at
	01-Apr-18	01-Apr-17	26-Mar-16
Tangible assets	1,625,784	2,109,527	3,805,752
Investments	12,007,368	9,260,637	20,121,001
Fixed assets	13,633,152	11,370,164	23,926,753
Stock	2,266,797	3,008,972	6,940,635
Prepayments and other debtors	5,843,052	9,726,553	11,087,737
Cash at Bank	603,358	397,972	706,165
Current Assets	8,713,207	13,133,497	18,734,537
Trade creditors	(3,247,028)	(5,777,261)	(5,695,048)
Other liabilities	(16,338,644)	(3,058,722)	(3,878,947)
Intercompany debt	(44,471,749)	(33,372,178)	(27,405,351)
Total Liabilities	(64,057,421)	(42,208,161)	(36,979,346)
Net Assets	(41,711,062)	(17,704,500)	5,681,944

Perfect Home Finance Limited - Summary balance sheet

£'000	Management Accounts as at	Statutory Accounts as at	Statutory Accounts as at
	01-Apr-18	01-Apr-17	26-Mar-16
Tangible assets	-	-	-
Investments	-	-	12,000,001
Fixed assets	-	-	12,000,001
Stock	-	-	-
Intercompany debtors	52,201,439	52,707,737	46,703,010
P&L/BS ex	13	73	4
Current Assets	52,201,451	52,707,810	46,703,014
Creditors	(16,720,898)	(17,227,207)	(15,286,878)
Total Liabilities	(16,720,898)	(17,227,207)	(15,286,878)
Net Assets	35,480,553	35,480,603	43,416,137



Overview of financial information - TR

Extracts from the audited accounts of TR for the 12 months to 26 March 2016, extended period to 1 April 2017, and management accounts to 1 April 2018 are shown opposite.

Please note that this information has not been verified by the Joint Administrators or by Deloitte LLP ("Deloitte").

Profit and loss commentary

Turnover for the year to 1 April 2018 was £29.1m lower than the previous year, largely due to the Group being unable to purchase stock for Christmas 2017 (and therefore missing a season of trading) due to delays in finalising the Senior financing facility.

Balance sheet commentary

Tangible assets principally comprise leasehold property, fixtures and fittings, and motor vehicles.

Investments is comprised of shares in subsidiaries, namely TF, CI and CH.

TR holds the stock for the Group, which is sold to TF at the point of purchase by the customer.

The debtors balance comprises pre-payments in relation to various overhead suppliers.

The other liabilities is part comprised by the onerous lease provision with respect to the Group's historical store portfolio.

Overview of financial information - PHF

Extracts from the audited accounts of PHF for the 12 months to 26 March 2016, extended period to 1 April 2017, and management accounts to 1 April 2018 are shown opposite.

Please note that this information has not been verified by the Joint Administrators or by Deloitte LLP ("Deloitte").

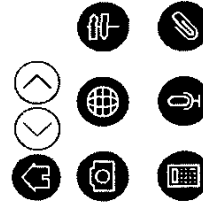
Balance sheet commentary

Assets are principally intercompany balances of c.£52m. The investments in subsidiaries were fully impaired during the year ending 1 April 2017.

We note that whilst PHF is not balance sheet insolvent, all material entities in the Group structure are.

Background

Joint Administrators' appointment



Circumstances giving rise to the appointment of the Joint Administrators

Reasons for failure & financial distress

The Group underwent an operational restructuring in FY18, which included moving from a "bricks and mortar" model to online. This resulted in the vacation of 36 premises in respect of which TR has remained as the legal tenant.

These 36 leases have a quarterly rent roll of approximately £1.2m, which given the broader financial performance of the Group, was unsupportable.

Furthermore, delays in finalising the Senior financing facility (completed in December 2017) resulted in the Group being unable to fund stock purchases for the 2017 festive season, thus losing a season's trading which had an obvious negative impact on its liquidity position.

As a result of the above the Group was in default of its financing facilities in May 2018.

The Group experienced a cash shortfall in June, largely driven by a £1.2m rent payment at the June quarter in respect of the historical store portfolio – it could not pay its debts as they fell due and, as such, was cash flow insolvent. The material entities within the Group were also balance sheet insolvent, primarily due to a significant onerous lease provision.

Steps taken to remedy and involvement of Deloitte pre-appointment

Deloitte was initially introduced to the Group on 26 April 2018 by the Senior Lender, following the Group defaulting on their senior debt.

Following this introduction, Deloitte were engaged by the Group on 1 May 2018 to conduct an options analysis.

Deloitte issued a draft options report to the Group on 7 May 2018..

Subsequently, Deloitte was engaged by the Group on 15 May 2018 to conduct an accelerated sales process.

In parallel, Deloitte was also instructed to assess the potential returns to different classes of creditor in the event that the Group cannot be sold and the debtor ledger can be (and is) collected in insolvency.

When decision to appoint was made

The directors of TR held a board meeting on 26 June 2018 to consider placing the Companies into administration.

A Notice of Intention to appoint Administrators to TR was sent by the directors to each qualifying floating charge holder on 27 June 2018 and filed in the High Court.

Subsequently, the directors of TR and PHF invited the Senior Lender to appoint administrators, and Robert James Harding and Philip Stephen Bowers of Deloitte appointed as Joint Administrators by Kaluga Investments S.À.R.L, in its capacity as Security Agent.

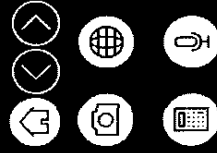
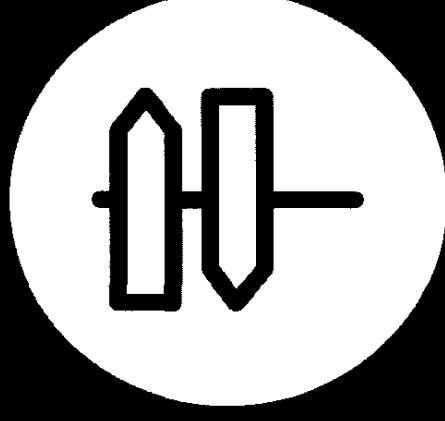
Pre-packaged sale

The business and assets of the Companies as detailed on page 12 were sold on 5 July 2018 to Brixworth Investment UK Limited ("the Purchaser"), thereby securing the continuing employment of c.270 employees of TF. Further details on the sale can be found on page 12.



Post-appointment

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Post-appointment Purpose and Joint Administrators’ strategy

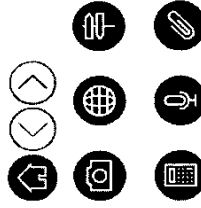
Appointment of the Joint Administrators

Robert James Harding and Philip Stephen Bowers, of Deloitte LLP (“Deloitte”) were appointed Joint Administrators of the Companies by Kaluga Investments S.À.R.L (“Kaluga”) of 6 rue Eugène Ruppert, L-2453 Luxembourg in its capacity as Security Agent on 4 July 2018. This followed an invitation to appoint from the directors of the Companies.

Purpose of the administration

A rescue of the Companies as a going concern (i.e. by refinancing/restructuring of the Companies’ debts or a solvent sale) was not achievable and as such the Joint Administrators concluded that the first option above was not possible to achieve.

Accordingly, the purpose of the administrations is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Companies and other group entities.



Post-appointment Joint Administrators' strategy

How the affairs and business of the Companies have been managed and financed since appointment, and the Joint Administrators' intended strategy if their proposals are approved

Sale of business

As detailed in our letter of 11 July 2018 the business and assets of the Companies (as detailed by the enclosed SIP 16 statement and below) were sold to the Purchaser on 5 July 2018 ("the Transaction"). Following this transaction, there are no further assets to realise.

Receipts and Payment Account

A receipts and payments account, detailing asset realisations achieved and costs paid up to 11 July 2018 is provided at Appendix C.

Asset realisations

Sale consideration

Consideration for the Transaction is £14.5m and is made up of cash of £587k, and credit of £14.0m. Funds were received on 9 July 2018.

Prior to executing the Transaction the Administrators hived down the business and assets of TR to a newly incorporated subsidiary, CR. This rationalisation was a requirement of the Purchaser, and was therefore implemented in order to facilitate the Transaction. CR was sold to the Purchaser for £1, but consideration is allocated to the hived down assets as though they were sold by TR to the Purchaser.

The £14.5m consideration was agreed with the Purchaser and represents an appropriate split between the fixed and floating charge assets, as shown opposite:

Sale by TR

Fixed charge assets:

- TF and CR shares: each £1
- CH shares: deferred consideration of £1

Floating charge assets (hived down to CR):

- Stock: £244.6k
- Fixtures and fittings: £196k
- Prepayments: £69k
- VAT reclaim debtor: £77.1k
- Other assets £10

Gross floating charge realisations: £586,710

Sale by PHF

Fixed charge assets:

- PHC Shares: £1

Assets owned by other Group entities

The balance of the offer consideration (being £14.0m) is allocated to the assets of PHC, TF and CH and has been provided by the Senior Lender agreeing to roll over the existing secured debt.

We note that the Joint Administrators negotiated an anti-embarrassment provision with the Purchaser.

Leasehold property

At the time of appointment TR was the legal tenant of 48 leasehold properties, but was only trading from five of these sites.

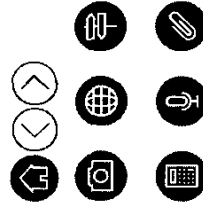
The Purchaser has been granted a licence to occupy these five sites in order to secure a lease or clear and vacate the premises.

A licence fee of c.£37k in respect of the initial period of occupation has been received from the Purchaser and will be paid to the relevant landlord.

The Joint Administrators will also continue to liaise with the landlords, ratings agencies and utility providers in relation to the remaining 43 sites where continued occupation is not required in the administration and there is no value to the creditors in the leases.



Post-appointment Joint Administrators' proposals



The Joint Administrators' proposals

Our proposals for the administrations include:

- continuing to manage the affairs and any remaining assets of the Companies and the settlement of all administration expenses;
- assessing the affairs of the Companies and reviewing and reporting on the conduct of its directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Companies or their management;
- continuing with enquiries into the conduct of the directors of the Companies and continuing to assist any regulatory authorities with any investigation into the affairs of the Companies;
- agreement of the claims of any secured, preferential and unsecured creditors against the Companies unless we conclude, in our reasonable opinion, that the Companies will have no assets available for distribution;
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part if the court gives permission following an appropriate application; and
- that, following the realisation of assets and resolution of all matters in the administration, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the administration.
- that, if the Companies are to be placed into Creditors' Voluntary Liquidation ("CVL"), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

We will seek specific approval from the appropriate body to fix the basis of and the ability to draw our remuneration and expenses and to agree the time of our discharge on conclusion of the administration. Please refer to Appendix E for further details.

Post-appointment Outcome for creditors

Estimated outcome for creditors

Secured creditors

In summary terms, all of the Group's assets are charged in a security package, firstly for the benefit of the Senior Lender (created on 5 December 2017), then for the benefit of Barclays (created in 2 February 2002) and then for the benefit of the Junior Lender (created on 5 December 2017).

Amounts outstanding at appointment were:

- Senior Lender - £14.0m
- Barclays - £0.1m
- Junior Lender - £17.1m

Based on currently available information, we do not expect there will be sufficient asset realisations to repay the Secured Creditors in full.

Preferential creditors

Preferential creditors consist of amounts owed to the Companies' employees for arrears of wages, holiday pay and pension contributions.

PHF had no employees.

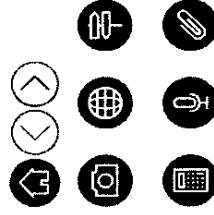
TR's employees were jointly employed by three other Group companies. TF will continue to meet all ongoing employee obligations and so there will be no amounts outstanding at the date of administration, and there will be no preferential creditors of TR.

Unsecured creditors

The books and records show that:

- PHF had no unsecured creditors.
- TR had, excluding onerous lease provisions, c.200 unsecured creditors with estimated non-preferential claims totalling £3.7mil.

As detailed above, we do not anticipate that there will be sufficient asset realisations to enable a distribution to be made to unsecured creditors (save for any distribution that may be available in TR under the Prescribed Part).



Prescribed Part

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003.

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

Based on current information, we anticipate that

- PHF will have no prescribed part
- TR will have net property of c.£212k and a Prescribed Part of c.£45k will be available for distribution to unsecured creditors, after deduction of the associated costs, which chiefly comprise our time costs for agreeing creditors' claims and making the distribution to them.

We do not expect to make an application to court to disapply the Prescribed Part, on the grounds the costs of making the distribution are disproportionate to the benefits to creditors.

Claims process

Unsecured creditors are invited to submit their claims to us by completing a proof of debt form which is available on the administration website and which should be sent to the address on the front page, marked for the attention of Rohan Chacko.

Post-appointment Extensions & exit routes

Exit routes

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors.

There are several possible exit routes from

administration. Based on current information, we consider the following exit routes may be appropriate:

- *Dissolution* – If there is no further property which might permit a distribution to the Companies' creditors, we may file notice to that effect with the Registrar of Companies and the Companies will be dissolved three months later.
- *Compulsory Liquidation* ("WUC") – where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiry, it may be appropriate to ask the court to end the administration and to make an order to wind up the Companies.
- *Creditors' Voluntary Liquidation* ("CVL") – Where a distribution to unsecured creditors will be made, other than by virtue of the Prescribed Part, we may file a notice to that effect with the Registrar of Companies. The administration will cease on the date that notice is registered and the Companies will be wound up.

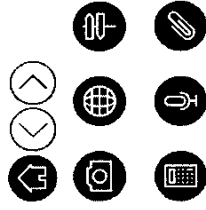
Please note that if the Companies are placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the proposals are deemed approved i.e. by 23 July 2018.

- Any creditors' committee appointed in the administration will become a liquidation committee.
- For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

Discharge of Joint Administrators' liability

Pursuant to paragraph 98 of Schedule B1 of the Act, the Joint Administrators' discharge of liability in respect of their actions as administrators takes effect at the specific time appointed by either the court, the creditors (either via the creditors' committee or by decision of the creditors) or, in specific circumstances, by the secured (and preferential) creditors.

In this case, we will request approval from the secured creditor for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress report.

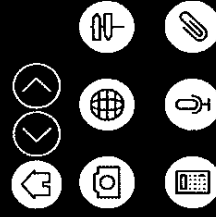
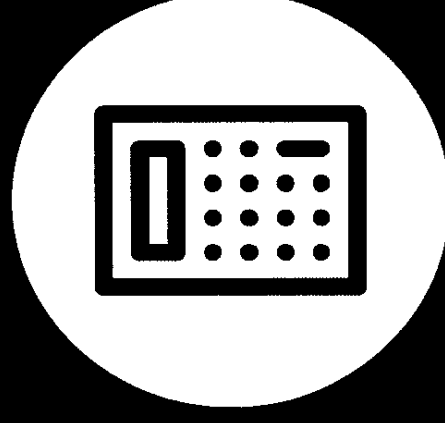




Remuneration and expenses

Creditors' Guide to Administrators'
Remuneration

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Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

A Creditors' Guide to Administrators' Remuneration" is appended to SIP 9 and is provided on the administration website and also available for download at www.deloitte.com/uk/sip-9-england-and-wales

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on page 1 and this will be provided to you at no cost.



Basis of Administrators' remuneration

Pursuant to Rule 18.16 of the Insolvency Rules 2016 ("the Rules"), the basis of the Joint Administrators' remuneration may be fixed:

- as a percentage of the value of the property with which the Joint Administrators have to deal;
- by reference to time properly given by the insolvency practitioners and their staff in attending to matters arising in the administration;
- as a set amount;
- or, any combination of the above.

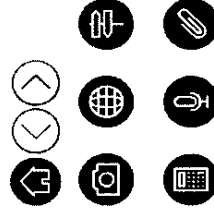
There will be no funds available to the unsecured creditors other than under the Prescribed Part provisions. Therefore, in accordance with Rule 18.18(4) of the Rules and in the absence of a creditors' committee, we will seek to fix the basis of our remuneration with the consent of each secured creditor.

In this instance, funds available for all administration expenses are expected to total approximately £375k. This will be used to pay Administrators' fees, legal fees, and all other administration expenses.

We will propose that the basis of our remuneration be a fixed fee of £375k. However, we anticipate that the actual Administrators' fees paid, after allowing for legal fees etc., will be lower.

Remuneration and expenses

Creditors' Guide to Administrators' Remuneration



Estimate of work required – Set Amount

(Fixed Fee)

Based on previous appointments of this nature and having regard to the likely number and grades of staff required to fulfil these obligations, we intend to seek approval to draw a fee of £375k. Full details of the work anticipated to be performed are provided at Appendix D1.

Joint Administrators' Expenses

We anticipate that the following expenses will be incurred for the duration of the appointment:

- Statutory Advertising - we are required to give notice by advert in the London Gazette of the following matters: our appointment; proposed distributions to unsecured creditors. We estimate costs in this regard will be £170.
- Asset insurance – Adequate cover for the protection of Group assets and other insurance policies essential for the administrations will be taken out with our preferred provider, Willis Towers Watson. We estimate costs in this regard will be £700.
- Legal Costs – we have instructed lawyers to assist in the following matters:
 - Pinsent Masons LLP ("Pinsents") assisted with the Transaction and documents relating to the sale of business. Pre-appointment time costs have been paid in full;
 - Pinsents have also been instructed to provide general legal advice during the administration, which will include (but not be limited to) advising on:
 - Post appointment formalities;
 - Validity of appointment;
 - Post Transaction completion obligations;
 - Licences to occupy and associated matters; and
 - Property matters generally
 - Pinsents estimate that their costs to assist with these matters and the conclusion of the administration will be approximately £50k plus VAT.

All professional costs will be reviewed and analysed in detail before payment is approved.



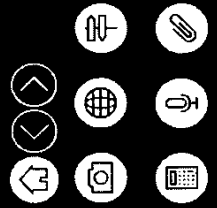
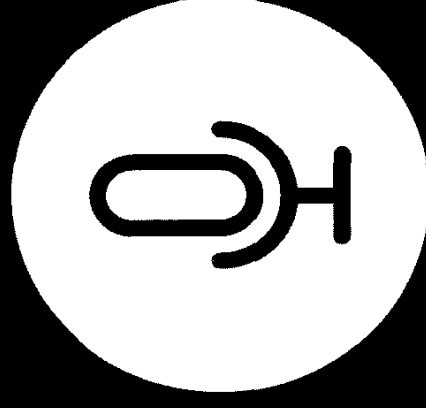
Additional information

Investigations

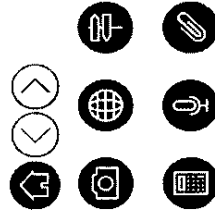
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Case specific matters

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Additional information Investigations



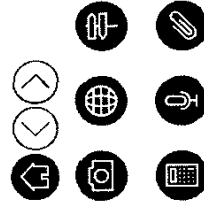
Investigations

As part of our duties, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment includes enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

In addition, we are required to consider the conduct of the Directors and any person we consider to have acted as a shadow or de facto director in relation to their management of the affairs of the Company and the causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business, Innovation and Skills. Creditors who wish to draw any matters to our attention should contact us using the contact details given on page 5 as soon as possible.

Additional information

Case specific matters



EU Regulations

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

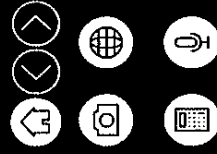
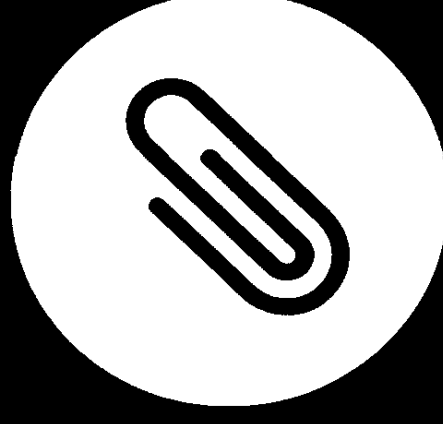
Third party assets

Should you believe that you own or have a claim regarding items that may have been present at the Companies' premises at the date of our appointment please contact us as soon as possible.



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Appendices

Appendix A

Statutory Information

Website

In order to facilitate communication, all statutory reports, documents and notices will be posted on to a website which has been set up specifically for the Companies. The web address is www.deloitte.com/uk/perfecthome

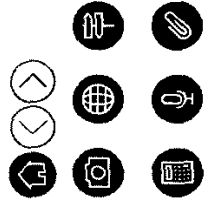
All documents will be retained on the website which will remain live until two months after the conclusion of the proceedings. Please contact Rohan Chacko using any of the contact details given below if you would like to be provided, free of charge, with a hard copy of documents posted, either now or in the future, to the website:

Phone: 0203 741 2932

Email: rohanchacko@deloitte.co.uk

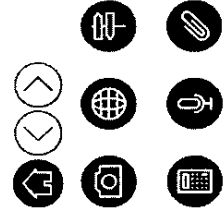
Address: Four Brindleyplace, Birmingham, B1 2HZ

Please note that, other than notice of intended dividend, no further notice will be given to you when documents are uploaded to the website. It is thus important that you review the website regularly to check for updates, such as notices of decision procedures or our six monthly reports on progress.



Appendices

Appendix B



Estimated Outcome Statement

Estimated Outcome Statement, £	TR	PHF
Fixed Charge Realisations		
Shares in Subsidiaries	3.00	1.00
	3.00	1.00
Floating Charge Realisations		
Stock	244,600.00	-
F&F	196,000.00	-
Prepayments	69,000.00	-
VAT Receivable	77,100.00	-
Others	10.00	-
	586,710.00	-
Total	586,713.00	1.00
Less: Administration Expenses, including Administrators and Legal Fees	(375,007.00)	
Less: Fixed Charge realisations due to Secured Creditors	(3.00)	(1.00)
Less: Preferential Creditors	-	-
Less: Prescribed Part	(45,340.60)	-
Available to Floating Charge Creditors	166,362.40	-
Less:		
Senior Lender (by way of guarantee waiver)	(82,500.90)	-
Barclays	(83,861.50)	-
Available to Unsecured Creditors		
Add: Prescribed Part	45,340.60	-
Total Available to Unsecured Creditors	45,340.60	-
Unsecured Creditors per: Books & Records (exc. onerous lease provisions)	3,700,000.00	-
Dividend Rate	1.23%	0.00%

Directors' Statement of Affairs of the Companies

The Directors' statement of affairs has been requested in accordance with the Rules but not yet received. It will be available online at www.deloitte.com.uk/perfecthome, including a schedule of the names and addresses of all known creditors, in due course. Please note that in accordance with Rule 3.35(4) of the Insolvency Rules 2016, names and addresses for employees and consumers who have paid deposits or in advance for the supply of goods and services will not be shown.

Should any creditor require a full list please write to us using the contact details provided on page 4.

In the absence of the Directors' statement of affairs, we have provided an estimated outcome statement for the Companies above, which shows the consideration received in respect of the sale of assets in addition to the anticipated costs. Administration expenses includes all professional fees including our fees and expenses as Joint Administrators.

Appendices
Appendix C



Temple Retail Limited
Joint Administrators' receipts and payments account
4 July to 11 July 2018

£		Notes	To date
Receipts			
Stock	244,600		
Fixtures & Fittings	196,000		
Prepayments	69,000		
VAT Receivable balance	77,100		
Licence Fee received from Purchaser	37,070		
Others	10		
Total receipts	623,780		
Payments			
Secured dividend - Senior Lender (by way of guarantee waiver)	82,501		
Secured dividend - Barclays	83,862		
Total payments	166,362		
Balance	457,418		
Made up of:			
Balance held in interest bearing bank account	457,418	1	
Balance in hand	457,418		

Notes to the receipts and payments account

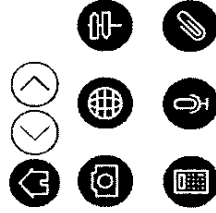
TR

Receipts and payments made as at 11 July 2018 are in line with the terms of the pre-pack sale detailed on page 12.

Note 1 – All funds are held in an interest bearing account. The associated corporation tax on interest received will be accounted to HM Revenue & Customs.

PHF

The expected realisation of £1 will be received shortly and a receipts and payments account has therefore not been provided.



Joint Administrators' Estimate of Work to be undertaken – set fee basis

Details of work that the we anticipate will be undertaken and for which a set fee of £375k will be charged are provided below:

Statutory Tasks and Administration

- Formulating and implementing an appropriate strategy;
- Maintaining Estimated Outcome Statements for the administrations
- Case set-up, including data capture and entry in addition to setting up case files and records;
- Cashiering – Set up and performance of regular bank reconciliations for each account;
- Securing and storage of appropriate company books and records and arranging transfer of the relevant documents to the Purchaser;
- Analysis of the estimated costs of the administration, including liaising with Lenders in relation to our remuneration and expenses;
- Statutory reporting – Reviewing and issuing two progress reports, a potential extension application should it become necessary and confidential report to the Insolvency Service with regards to the conduct of the directors;
- Specific issues such as data protection and health & safety;

- Employee issues in relation to assessing the impact of the administration on the relevant joint employment contracts, including correspondence with employees and lawyers with regards to this matter; and
- Case closure matters.

Case Specific Matters

- Tax returns completed and filed as required during the administration; and
- VAT returns are to be filed on a quarterly basis.

Assets

- Sale of business follow up – including:
 - Liaising with Pinsents generally in relation to post-completion obligations;
 - Dealing with general queries from the Purchaser;
 - Arranging the handover of VAT records and statutory books and records.
 - Liaising with landlords and Pinsents in relation to licences to occupy;
 - Assisting the Purchaser in relation to assignments of leases;
 - Forwarding any payments received in relation to assets / debts sold; and
 - Liaising with the Purchaser in relation to claims;
- Dealing with leased/HP assets – liaising with lessor and Purchaser regarding various leased assets and overseeing novation of contracts to Purchaser or disposal otherwise; and
- Insurance matters – corresponding with insurers regarding sale of business and other assets, corresponding with purchasers around handover of insurance, corresponding with insurers to discuss open cover.

Creditors

- Liaising with the secured creditors and making distributions to the Senior Lender and Barclays;
- Property issues – dealing with landlords in relation to the historical property portfolio of c.43 sites in relation to vacation of site and residual claims against the administration;
- Responding to and filing creditor queries;
- Logging and adjudicating creditor claims, including requesting and processing documents received in support of the claims, ensuring compliance with the Rules and necessary statutory notice periods; and
- Sending formal notice of intention to distribute funds and subsequent declaration of a dividend to unsecured creditors under the PP.

Appendices

Appendix D2

Disbursements

Disbursements

We estimate that the following disbursements are likely to be incurred in relation to the administration of TR. We do not anticipate incurring any disbursements in PHF.

Category 1 disbursements

These are payments made by us direct to third parties and for which no approval is required.

Our estimate of Category 1 disbursements is given below, all figures are shown excluding VAT.

£ (net)	Incurred in period to date	Future	Total
Postage/Couriers		300	300
Statutory Bonding	230	-	230
Total expenses	230	300	530

Category 2 disbursements

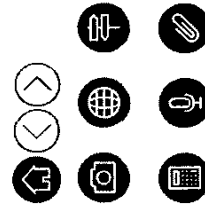
These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can be drawn from the administration estate.

Our estimate of Category 2 disbursements is given below, all figures are shown exclusive of VAT.

£ (net)	Incurred in period to date	Future	Total
Website set up	500		500
Total disbursements	500	-	500

Mileage is calculated by reference to the mileage properly incurred by the Joint Administrators and their staff, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred (currently up to 45p per mile).

Deloitte charges a fixed cost of £500 for each statutory website set up to cover the costs of setting up and maintaining the website, along with the uploading of statutory notifications, reports and other documents to the website for the duration of the appointment. This cost will be incurred by TR.



Appendices

Appendix E

Joint Administrators' proposals

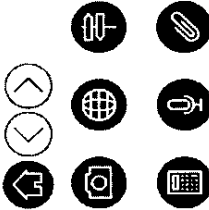
Our proposals will be deemed approved on 23 July 2018 unless a creditors' decision procedure is requisitioned in accordance with Rules 15.18 and 15.19 of the Rules 2016.

We will still need to obtain specific approval for the resolutions given below from the secured creditors:

1. Approval that the basis of the Joint Administrators' remuneration shall be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administration, as a set fee of £375k, plus VAT.
2. Approval that the Joint Administrators' category 1 disbursements and expenses and category 2 disbursements in respect of mileage and statutory websites (as detailed in Appendix D2) be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the administration estate.
3. Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Companies.

A creditors' committee will not be formed unless we are requested to hold a decision procedure for purposes of forming a creditor's committee; please refer to page 1 of the proposals for details of the procedure in this regard.

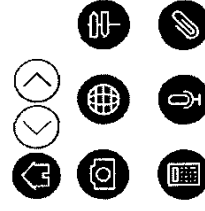
Please note that if you wish to form a creditors' committee, you will also be expected to confirm your willingness to serve or be represented on the creditors' committee, including dealing with any business placed before the creditors' committee throughout the period of the administration and in any follow on liquidation should a creditors' committee be formed.



Appendices

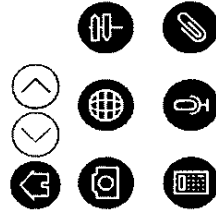
Glossary

AMA	Accelerated M&A	PerfectHome Cell	Protected Cell of Atlas Insurance PCC Ltd
Barclays	Barclays Bank Plc	PHC	PerfectHome Capital Limited
BIUL	Brixworth Investment (UK) Limited	PHF	Perfect Home Finance Ltd
Cabot	Cabot Square Capital LLP	PHH	Perfect Home Holdings Limited
CFA	Corporate Finance Advisory	Pinsents	Pinsent Masons LLP
CFS	Coleshill Financial Services Limited	Purchaser	Brixworth Investment (UK) Limited
CH	Coleshill Holding Limited	Senior Lender	Kaluga Investments S.A.R.L
CI	Coleshill Investments Limited	TF	Temple Finance Limited
CR	Coleshill Retail Limited	TR	Temple Retail Limited
Deloitte	Deloitte LLP	Transaction	As defined on page 12
EOS	Estimated Outcome Statement		
FCA	Financial Conduct Authority		
Finance Documents	Various loan and security agreements, together with an <i>intercreditor</i> agreement, entered into between the Group, the Senior Lender, Barclays and the Junior Lender		
Group	Perfect Home Holdings Limited, Temple Retail Limited and Temple Finance Limited together with associated entities		
Junior Lender	Aaron's Inc.		
Lenders	The Senior Lender, Junior Lender and Barclays		
Management	Management of the Group		
MFSA	Maltese Financial Services Authority		



Appendices

Important notice



Important Notice

This document has been prepared by the Joint Administrators solely to comply with their statutory duty under paragraph 49 of Schedule B1 of the Act to lay before creditors a statement of their proposals for achieving the purpose 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 document 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 Companies.

Any estimated outcomes for creditors included in this document 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 document for any purpose or in any context other than under paragraph 49 of Schedule B1 of the Act does so at their 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 these proposals.

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

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Rule 15.18(2)

Creditor's requisition of decision

Name of Company Perfect Home Finance Ltd	Company number 06020013
In the High Court of Justice, Business and Property Courts of England and Wales (full name of court)	Court case number CR-2018-005599

(a) Insert full name and address of the creditor making the request

I (a)

(b) Insert full name and address of registered office of the company

(b)
Perfect Home Finance Ltd

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and address(es) of creditors concurring with the request (if any) and their claims in the administration if the requesting creditor's claim is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of concurrence.

(e) Insert details of the intended purpose of the decision procedure

The purpose of the decision is (e)

Signed

Dated



High Court of Justice
Business and Property Courts
of England and Wales

TR
Court Case No. 005598 of 2018
Company Number: 5981917

PHF
Court Case No. 005599 of 2018
Company Number: 06020013

Registered Office:
c/o Deloitte LLP
Four Brindley Place
Birmingham, B1 2HZ

Temple Retail Limited ("TR") and Perfect Home Finance Ltd ("PHF") (both in administration)

Statement of Insolvency Practice 16 (England & Wales) ("SIP 16")

11 July 2018 | Strictly Private and Confidential

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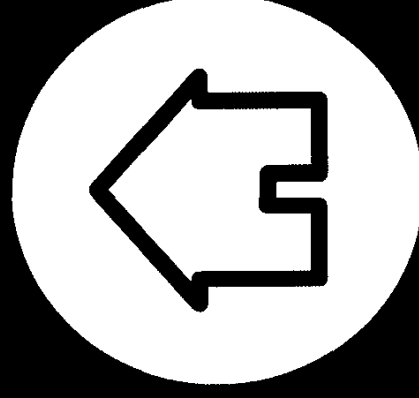
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Appendices

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Glossary

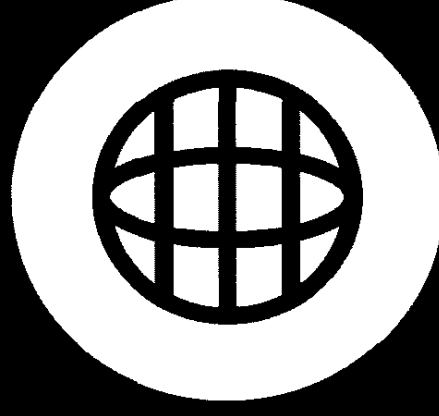
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SIP 16 Statement

Background information

SIP 16 Disclosure

Overview

Temple Retail Limited and Perfect Home Finance Limited were, respectively, trading and holding companies within the Group, which operated as a household goods retailer, regulated by the FCA, providing loans to its customers who acquire goods on a "rent-to-own" basis.

A Group structure is set out in Appendix 1.

Debt and Liabilities

The Group was financed by facilities provided by the Senior Lender (to PHC) and the Junior Lender (to PHF), which are governed by various loan and security agreements, together with an intercreditor agreement.

The Junior Lender is subordinated to the Senior Lender under the Finance Documents.

In summary terms, all of the Group's assets are charged in a security package, firstly for the benefit of the Senior Lender (created on 5 December 2017), then for the benefit of Barclays (created in 2 February 2002) and then for the benefit of the Junior Lender (created on 5 December 2017).

Amounts outstanding at appointment were:

- Senior Lender - £14.0m
- Barclays - £0.1m
- Junior Lender - £17.1m

Assets

The Group's main asset was its debtor book, which had a gross book value at 27 June 2018 (exc. provisions) of c.£31m.

The debtor ledger excluded certain future receivables which were not yet recognised by the Group (such as interest as it accrues etc). The total value of net future receivables ("NFR") was c.£51m as at 27 June 2018.

Required Confirmations

We understand that none of the business or business assets were acquired from an Insolvency Practitioner within the previous 24 months.

Group Structure and Operations

The Group operated through two main trading entities: TR and TF.

TR held the stock for the Group (which it sold to TF) and is the contractual counterparty for the 36 legacy leases. TF is regulated by the FCA and conducted the Group's financing activities with customers.

Although receivables were initially held by TF, the majority of receivables were periodically sold to PHC pursuant to the Finance Documents (as security for the Senior Lender's funding).

Employees were jointly employed by TR and TF.

Recent Events

The Group underwent an operational restructuring in FY18, which included moving from a "bricks and mortar" model to online. This resulted in the vacation of 36 premises in respect of which TR has remained as the legal tenant.

These 36 leases have a quarterly rent roll of approximately £1.2m, which given the broader financial performance of the Group, was unsupportable.

Furthermore, delays in finalising the Senior Lender financing facility (completed in December 2017) resulted in the Group being unable to fund stock purchases for the 2017 festive season, thus losing a season's trading which had an obvious negative impact on its liquidity position.

As a result of the above the Group was in default of its financing facilities in May 2018.

The Group experienced a cash shortfall in June, largely driven by a £1.2m rent payment at the June quarter in respect of the historical store portfolio – it could not pay its debts as they fell due and, as such, was cash flow insolvent. The material entities within the Group were also balance sheet insolvent, primarily due to a significant onerous lease provision.

A Notice of Intention to appoint Administrators to TR was sent to each qualifying floating charge holder on 27 June 2018 and filed in the High Court.



SIP 16 Statement

Transaction overview



SIP 16 Disclosure

Transaction Overview

The Joint Administrators of PHF and TR, shortly after their appointment, implemented a sale of the following assets for total offer consideration of £14.5m ("the Transaction"):

- The shares of PerfectHome Capital ("PHC") - we note that PHF was placed into administration in order to effect the share sale in PHC.
- The shares in:
 - Temple Finance Limited ("TF")
 - Coleshill Holdings Limited ("CH")
 - Coleshill Retail Limited ("CR") (a newly formed subsidiary established to enable the Transaction via a "hive down" of TR's business and assets) (together the "Business and Assets")

The Business and Assets have been sold to Brixworth Investment UK Limited, an SPV incorporated by Elliott Advisors (UK) Limited ("the Purchaser"). The directors of PHC, TF, CH and CR remained appointed at the time of the transaction. Shares in Coleshill Investments Limited ("CI") were transferred to the Purchaser by way of enforcement by the Senior Lender of its security.

The date of the Transaction was 5 July.

Justification for the Transaction

The purpose of an administration under The Enterprise Act 2002 is split into three parts:

1. To rescue a company as a going concern (i.e. a restructuring which keeps the actual entity intact).
2. If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Administrators must perform their functions with the objective of achieving a better result for creditors as a whole than would be obtained through an immediate liquidation of the company. This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation).

3. If neither of the first two parts of the purpose are reasonably practicable, the Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable.

A rescue of the Companies as a going concern (i.e. by refinancing/restructuring of the Companies' debts or a solvent sale) was not achievable and as such the Joint Administrators concluded that the first option above was not possible to achieve.

Accordingly, the purpose of the administrations is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Companies and other group entities.

The pre-packaged sale of the Business and Assets was the best available outcome for creditors as a whole as the only potential alternative to the sale was a trading administration of all Group entities and, if possible, an orderly collect out of the debtor book, which as set out below, would give a worse outcome for creditors.

We have undertaken analysis (based on the Group's wind down model) which indicates that at current collection rates (i.e. not factoring into account any "insolvency disruption" factor), the current level of the debtor book and current cash reserves, there would likely to be a shortfall to the Senior Lender in the event of a collect out. Furthermore:

- The outcome for creditors in a collect out scenario is uncertain whereas the Transaction provided certainty of outcome and preserved the business and its employees.
- The Transaction does not result in an insolvency of TF ensuring all unsecured creditors in TF get paid in full.
- Given certain structural complexities within the Group, a collect out would require funding, which neither the Senior Lender nor the Junior Lender were willing to provide.

As such, a collect out scenario was impracticable and, in any event, was unlikely to result in a return to the Junior Lender and could well have put at risk returns to other creditors that were met under the Transaction.

We note that the Administrators have acted with due regard for all creditors' interests. Further details regarding the Transaction are provided on pages 5-8.

SIP 16 Statement

Initial introduction and pre-appointment considerations

SIP 16 Disclosure

Initial Introduction

Deloitte was initially introduced to the Group on 26 April 2018 by the Senior Lender, following the Group defaulting on its senior debt.

Following initial discussions with management, Deloitte was engaged by the Group on 1 May 2018 to help the Group consider the options available.

Deloitte issued a draft options report to the Group on 7 May 2018.

Following the initial assessment of the Group's options, Deloitte was subsequently engaged by the Group on 15 May 2018 to:

- conduct an Accelerated M&A ("AMA") process; and
- assess the potential returns to different classes of creditor in the event that the Group could not be sold and the debtor ledger could be (and was) collected out in insolvency.

During both engagements, no advice has been given to the directors in their personal capacity by Deloitte.

Pre-appointment Considerations

During our initial assessment of the options available to the Group, Deloitte considered:

1. Solvent options available to the Group, including a solvent sale or refinancing of secured debt. Solvent options were deemed unachievable as:
 - The Junior and Senior Lender were consulted throughout the pre-appointment engagements with respect to funding a solvent option, neither of the Lenders progressed such an option.

- Absent support from the Group's Senior and Junior Lenders, a Group wide insolvency was inevitable given the liquidity constraints within the business and its inability to meet its historical rental burden at the end of June.
 - The AMA process failed to yield any solvent sale offers.
2. Group wide trading administration and collect out of the debtor book. A trading administration has not been not pursued as the Group's analysis, our own and that of the Senior Lender indicated that a wind down of the book through a trading administration would be unlikely to result in a better outcome for creditors as a whole than the pre-packaged sale that was implemented. In simple terms, pursuing such a strategy would potentially jeopardise the recoveries provided under the Transaction with no apparent upside to the outcome for the Junior Lender and unsecured creditors under the Transaction (i.e. even if funding was available for such a strategy, it would have been a high risk strategy with limited prospect of reward).
 3. Ability for the Junior Lender to buy out the Senior Lender debt. The Junior Lender had numerous opportunities to refinance and/or buy-out the Senior Lender debt to drive a wind down strategy if that was their preference, but declined to do so.



SIP 16 Statement Marketing

SIP 16 Disclosure Marketing

Deloitte CFA was engaged by the Group on 15 May 2018 to commence a marketing process, with the objective of completing a sale of the business as a going concern. The sale timetable was dictated by the Group's short term cash flow forecast which indicated a liquidity shortfall by mid to late June 2018.

Preparation

Deloitte CFA worked with the Group's senior management team to prepare a list of parties to approach, with the key considerations including sector knowledge and/or the ability to complete a transaction in the timeframe available.

The agreed list of parties included:

- 16 turnaround private equity houses and financial investors; and
- 10 UK and international trade parties who provide rent-to-own or other forms of high-risk credit to a similar target customer base as that of the Group.

Deloitte CFA also prepared appropriate materials to market the opportunity, including:

- a speaking brief to be used when making initial contact with potential purchasers;
- a 50 page information memorandum providing financial and operational details of the Group; and
- a financial data pack containing historical and forecast financial information.

The marketing materials were designed so as to provide interested parties with sufficient information upon which to make an informed indicative offer for the business.

Given the timeframe in which to conclude a sale, an indicative offer deadline of 30 May 2018 was set as this would leave sufficient time to select a preferred bidder and run a period of due diligence in parallel with negotiating a sale contract and progressing the necessary regulatory consent processes by mid to late June 2018.



Phase one

Deloitte CFA approached the agreed list of parties from 21 May 2018 and of the 26 parties that were introduced to the opportunity:

- 12 parties expressed initial interest and were sent the information memorandum and financial data pack following their signing of a non-disclosure agreement; and
- 14 parties declined the opportunity.

By 31 May 2018, two indicative offers had been received (one being from the Junior Lender), with the parties who decided against submitting an indicative offer citing factors including sector dynamics, financial forecast assumptions and a pending FCA announcement on new regulations.

Having reviewed and clarified the indicative offers with the two bidders, Deloitte CFA met with the Group to present and discuss the offers, taking into account not only the headline price but also the terms and conditions attached to each offer in order to form an opinion on their deliverability.

Both indicative offers were for a majority of the business and assets of PHF and TRL, with the value of the highest offer being materially above the second offer and also carrying less execution risk.

Deloitte CFA and the Group's senior management team subsequently presented the offers to the Senior Lender and the Junior Lender and it was agreed that the highest offer should be progressed on the basis that it would deliver a materially higher return creditors and considered significantly more deliverable.

Phase Two

On 3 June 2018, the preferred bidder was taken forward into the second round of the process which encompassed:

- access to a virtual data room which included comprehensive financial, operational, legal and commercial information on the Group;
- legal, financial and tax due diligence;
- access to the Group's senior management team; and
- negotiation of the sale and purchase agreement.

SIP 16 Statement Marketing (continued)

Phase Two (continued)

With the planned transaction involving the acquisition of the FCA regulated entity, TFL, and MFSA regulated entity, CH, it was also necessary for the preferred bidder to make the requisite submissions to both regulators to secure their consent for the proposed change in ownership, as without FCA and MFSA consent, a sale of these entities could not be completed.

The Group's senior management team provided the preferred bidder significant support with its preparation of the regulatory submission documentation, with both submissions being made in the week commencing 11 June 2018.

By the week commencing 18 June 2018 due diligence was all but complete and sale contract negotiations were underway but the regulatory consent processes were not progressing at the speed envisaged by the preferred bidder.

Given the pending liquidity shortfall and growing concern that the preferred bidder may not be in a position to complete a transaction in the timeframe available, the Senior Lender informed Deloitte CFA and the Group's senior management team that it was considering submitting an offer to acquire the business should a sale to the preferred bidder no longer be achievable – as a fall back option.

Deloitte CFA was then informed by the preferred bidder on 21 June 2018 that it was withdrawing from the process, citing increasing regulatory risks and the impact these had on its ability to meet the transaction timetable.

On 22 June 2018, an affiliate of the Senior Lender, Brixworth Investment (UK) Limited ("BIUL"), submitted an offer to implement The Transaction.

Key terms of BIUL's offer included:

- Offer consideration of £14.5m, in the form of (1) roll over of the amounts owing to the Senior Lender and (2) cash to cover administration expenses and Prescribed Part requirements;
- no due diligence requirements; and
- a target completion date of 2 July 2018.

In addition to pursuing the offer from BIUL, consideration was given to the merits of re-engaging with the phase one under bidder (Party B), whose offer of £15.0 million was for the same target assets.

However, given the additional due diligence requirements of Party B, with two to three weeks required to complete its work, and the additional regulatory approvals it would require ahead of completing a transaction, it was concluded that:

- the under bidder would be unable to transact in the timeframe available; and
- it was likely that the under bidder would seek to reduce the quantum of its offer given the new circumstances (in particular reduced asset values from the time of their initial bid).

Deloitte CFA and the Group's senior management team therefore focused their efforts on securing a sale of the business and assets to BIUL on the basis that the transaction was the only one capable of securing a going concern solution for the business in the time available.

During the week commencing 25 June 2018, the sale contract was negotiated and regulatory consent processes undertaken, resulting in the consummation of the Transaction.

Conclusions

Due to the limited timeframe in which to complete a sale and concerns around the potential impact on the Group's trading performance and asset values from adverse media coverage (together with our view that the buyer population was sufficiently wide), the business was not formally advertised online or in traditional media.

However, given the relatively niche market in which the Group operates, the Administrators and the Group's senior management team are confident that all potential purchasers willing and able to conclude a transaction in the available timescale were identified.

It should also be noted that following a story on the Sky News website on 13 June 2018 which stated that Deloitte CFA had been engaged to find a purchaser of the business, only one inbound expression of interest was received and the party expressing an interest did not engage with the Group or Deloitte CFA follow an initial call to discuss the opportunity.



SIP 16 Statement

The purchaser, related parties, sales consideration and valuation



SIP 16 Disclosure

Purchaser and Related Parties

The Purchaser is an SPV affiliated to Elliott Advisers (UK) Limited ("Elliott"). The Senior Lender is an associated entity within the same group as Elliott.

The current directors of the those entities transferred as part of the Transaction remain as directors in those entities. These directors include Alaric Smith, James Clark, Michael Cooper, Michael Sweetland, Anthony Winter.

Sale Consideration

Offer consideration for the Transaction was £14.5m and was made up of cash of £504k (being sufficient to pay the prescribed part and administration expenses) and credit of £14.0m.

The £14.5m offer consideration has been allocated to the assets as follows. The allocation of the consideration was agreed with the Purchaser and represents an appropriate split between the fixed and floating charge assets, as shown below:

Sale by TR

Fixed charge assets:

- TF and CR shares: each £1
- CH shares: deferred consideration of £1
- The following assets were hived down to CR by the Administrators:

- Floating charge assets:
 - Stock: £244.6k
 - Fixtures and fittings: £196k
 - Prepayments: £69k
 - VAT reclaim debtor: £77.1k
 - Other assets £10

Sale by PHF

Fixed charge assets

- PHC Shares: £1

Assets owned by other Group entities: The balance of the offer consideration (being £14.0m) has been allocated to the assets of PHF, TF and CH and has been provided by the Senior Lender agreeing to roll over the existing secured debt.

We note that the Joint Administrators negotiated an anti-embarrassment provision with the Purchaser.

Valuation

No formal valuation of the Companies' business and assets has been undertaken to support the Transaction. Comfort in respect of best value has been achieved through the AMA process.

As noted, certain wind down analysis has been performed to understand the likely returns in the event of wind down of the book through insolvency of all entities in the Group. This has demonstrated that an insolvency based wind down would be unlikely to deliver a better outcome than the Transaction. Additionally and as noted, such a strategy would carry significant execution risk and no certainty of outcome even if there was funding made available to facilitate such a strategy, which there was not.

Interim Transactions

Immediately after appointment the Administrators entered into the following interim transactions in order to facilitate the Transaction:

1. Hive Down

The business and assets of TR were hived down to CR. This rationalisation was a requirement of the Purchaser, and was therefore implemented in order to facilitate the Transaction.

2. Intercompany Rationalisation

The Administrators, in conjunction with their tax advisers, implemented a rationalisation of the intercompany balances between TR / PHF and other Group entities. This rationalisation was a requirement of the Purchaser, and was therefore implemented in order to facilitate the Transaction at no detriment to any other party.

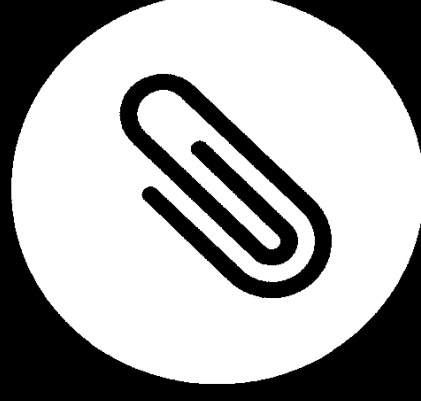
We note that the intercompany receivables due to TR and PHF were all secured in favour of the Lenders and were subject to turnover provisions under the finance documents.



Appendices

Appendix 1: Group Structure

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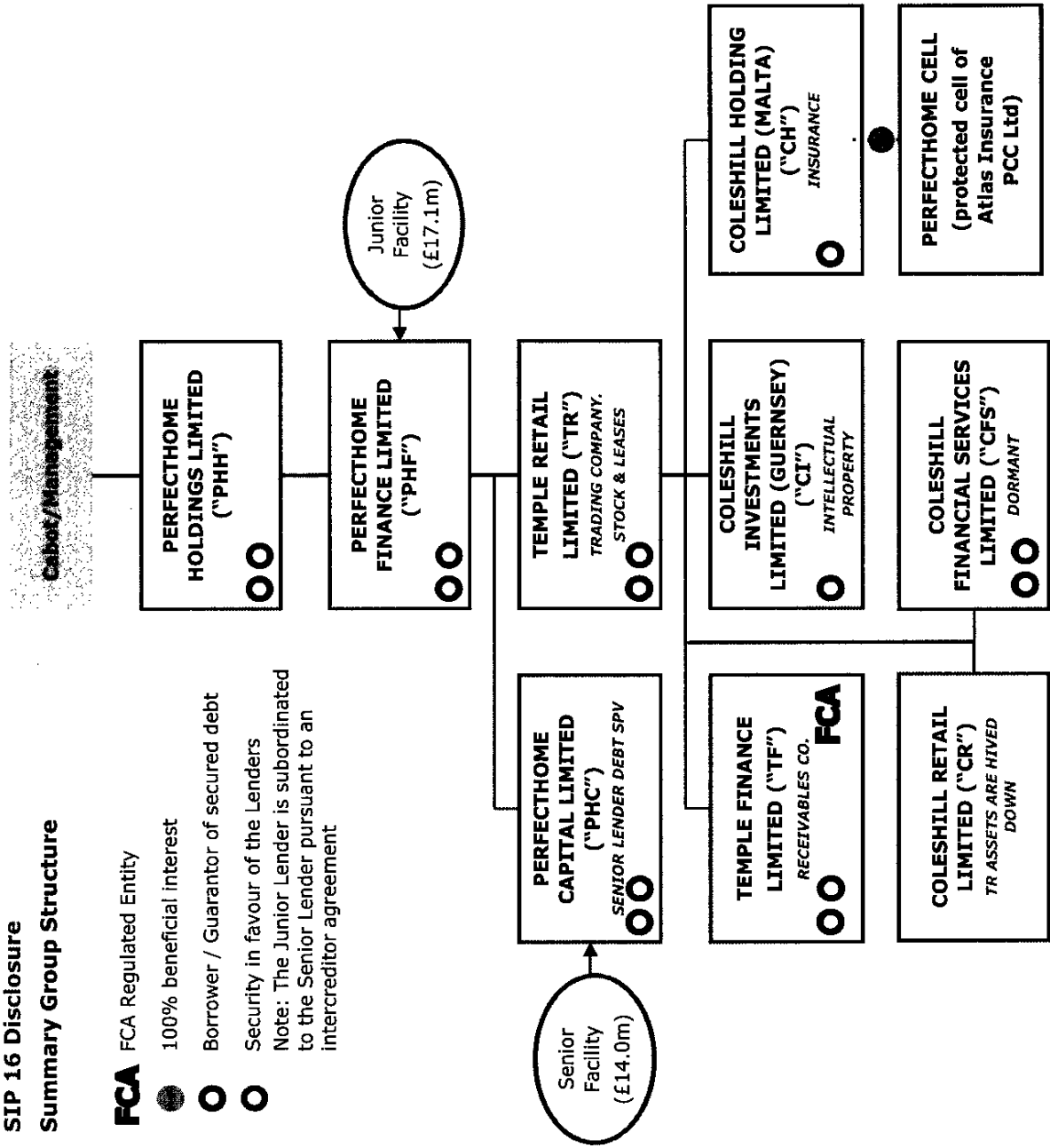


Appendices

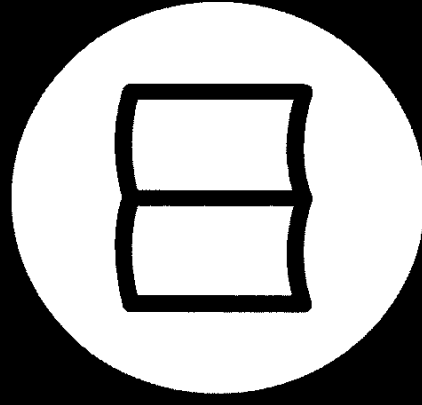
Appendix 1: Group Structure

SIP 16 Disclosure
Summary Group Structure

- FCA** FCA Regulated Entity
- 100% beneficial interest
 - Borrower / Guarantor of secured debt
 - Security in favour of the Lenders
- Note: The Junior Lender is subordinated to the Senior Lender pursuant to an intercreditor agreement



Glossary



Glossary

AMA	Accelerated M&A	PHC	PerfectHome Capital Limited
Barclays	Barclays Bank Plc	PHF	Perfect Home Finance Limited
BIUL	Brixworth Investment (UK) Limited	PHH	Perfect Home Holdings Limited
Cabot	Cabot Square Capital LLP	Senior Lender	Kaluga Investments S.A.R.L
CFA	Corporate Finance Advisory	TF	Temple Finance Limited
CFS	Coleshill Financial Services Limited	TR	Temple Retail Limited
CH	Coleshill Holding Limited	The Lenders	The Senior and Junior Lender
CI	Coleshill Investments Limited	The Purchaser	Brixworth Investment (UK) Limited
CR	Coleshill Retail Limited		
Deloitte	Deloitte LLP		
EOS	Estimated Outcome Statement		
FCA	Financial Conduct Authority		
Finance Documents	Various loan and security agreements, together with an intercreditor agreement, entered into between the Group, the Senior Lender, Barclays and the Junior Lender		
Group	Perfect Home Holdings Limited, Temple Retail Limited and Temple Finance Limited together with associated entities		
Junior Lender	Aaron's Inc.		
Management	Management of the Group		
MFSA	Maltese Financial Services Authority		
PerfectHome Cell	Protected Cell of Atlas Insurance PCC Ltd		





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