

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 09278104
Company name in full PRZ REALISATIONS (2) LIMITED

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

2 Administrator's name

Full forename(s) MATTHEW BOYD
Surname CALLAGHAN

3 Administrator's address

Building name/number 200 ALDERSGATE
Street ALDERSGATE STREET
Post town LONDON
County/Region GREATER LONDON
Postcode EC1A 4HD
Country UNITED KINGDOM

4 Administrator's name ①

Full forename(s) ANDREW JAMES
Surname JOHNSON

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

5 Administrator's address ②

Building name/number 200 ALDERSGATE
Street ALDERSGATE STREET
Post town LONDON
County/Region GREATER LONDON
Postcode EC1A 4HD
Country UNITED KINGDOM

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

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Period of progress report

From date	<div><div>d</div><div>1</div></div>	<div><div>d</div><div>0</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>8</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>1</div></div>	
To date	<div><div>d</div><div>0</div></div>	<div><div>d</div><div>9</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	


7

Progress report

<div><input checked="" type="checkbox"/> I attach a copy of the progress report</div>	
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8

Sign and date

Administrator's signature	<div>Signature</div> <div><div>X</div><div></div></div> <div><div>X</div></div>								
Signature date	<div><div>d</div><div>0</div></div>	<div><div>d</div><div>9</div></div>	<div><div>m</div><div>0</div></div>	<div><div>m</div><div>3</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>0</div></div>	<div><div>y</div><div>2</div></div>	<div><div>y</div><div>2</div></div>	

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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 PATRICK TOGNETTI

Company name FTI CONSULTING

Address 200 ALDERSGATE

ALDERSGATE STREET

Post town LONDON

County/Region GREATER LONDON

Postcode E C 1 A 4 H D

Country UNITED KINGDOM

DX

Telephone



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

2 Insolvency practitioner's name

Full forename(s) ALI ABBAS

Surname KHAKI

3 Insolvency practitioner's address

Building name/number 200 ALDERSGATE

Street ALDERSGATE STREET

Post town LONDON

County/Region GREATER LONDON

Postcode E C 1 A 4 H D

Country UNITED KINGDOM



PRZ Realisations Limited
PRZ Realisations (2) Limited

Joint Administrators' Progress Report

For the period from 10 August 2021
to 9 February 2022

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Glossary

GLOSSARY



Glossary

Abbreviation	Definition	Term	Meaning
Act	Insolvency Act 1986 (as amended)	Administration	The Administration of PHL and PL (collectively referred to as “the Group” or “the Companies”)
ASA	Asset Sale Agreement	Appointment date	10 February 2021
BEIS	Department for Business, Energy and Industrial Strategy	Administrators / Joint Administrators / we / our / us /	Matthew Boyd Callaghan, Andrew Johnson and Ali Khaki
c.	Approximately	Period	The period covered by this progress report, being 10 August 2021 to 9 February 2022.
CDDA	Company Directors Disqualification Act 1986	Preferential creditors	First ranking: Principally employee claims for unpaid wages (maximum £800 per employee), holiday pay and certain unpaid pension contributions. Second ranking: HMRC in respect of certain specified debts.
CI	Cain International LP	Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with Section 176A of the Act
CT	Corporation Tax	Proposals	The Joint Administrators’ proposals, dated 25 February 2021
EBITDA	Earnings Before Interest, Taxes, Depreciation, Amortization	Purchaser / NewCo	Prezzo Trading Limited
FTI / FTI UK	FTI Consulting LLP	Secured Creditors	A creditor with security in respect of its debt in accordance with Section 248 of the Act. The secured creditors of the Companies are CI and Warwick.
HMRC	HM Revenue & Customs	Secured Debt	Three facilities totalling c£57m with the majority of the debt provided by CI and c£1.0m provided by Warwick Capital Partners LLP.
LTO	Licence to occupy leasehold premises, granted to the Purchaser for initial periods of between one and six months whilst new leases or lease assignments were negotiated	Transaction	Pre-packaged sale of the Group’s assets to the Purchaser, which is ultimately owned by CI, on 10 February 2021
Lucid	Lucid Agency and Trustee Services Limited, the security agent for the Secured Creditors	Unsecured creditors	All creditors without security or preferential status. Typically, this includes trade creditors, suppliers, customers, contractors and some employee claims.
PAYE	Pay-as-you-earn tax	Warwick	Warwick Capital Partners LLP in its capacity as a minority holder of Group secured debt totalling £1m.
PHL	PRZ Realisations (2) Limited – formerly Prezzo Holdings Limited		
PL	PRZ Realisations Limited – formerly Prezzo Limited		
RPS	Redundancy Payments Service		
Rules / IR16	Insolvency (England and Wales) Rules 2016 (as amended)		
Sch B1	Schedule B1 to the Act		
SIP	Statement of Insolvency Practice		
SIP 2	Investigations by office holders in administration and insolvent liquidations		
SIP 7	Presentation of financial information in insolvency proceedings		
SIP 9	Payments to insolvency office holders and their associates from an estate		
SIP 16	Pre-packaged sales in administrations		
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006		



Introduction

INTRODUCTION



Introduction

- Matthew Callaghan, Andrew Johnson and Ali Khaki were appointed as joint administrators of Prezzo Limited and Prezzo Holdings Limited on 10 February 2021 by their directors.
- Shortly following the appointment, Prezzo Limited and Prezzo Holdings Limited changed their names to PRZ Realisations Limited and PRZ Realisations (2) Limited respectively.
- This report is prepared pursuant to Rule 18.6 IR16, to provide details on the progress of the Administrations during the six-months since 10 August 2021. It covers the period to 9 February 2022 and contains:
 - An explanation of the work we have done in the Period and how the Administrations have progressed;
 - An update on the estimated outcome for each class of creditor;
 - Details of the work we still need to undertake before the Administrations can be concluded;
 - An update on how and when we expect the Administrations will end;
 - A statement of our receipts and payments and details of the expenses we have incurred;
 - An update on our remuneration for acting as joint administrators; and
 - Further information required by statute regarding our appointment as joint administrators.
- Progress in the preceding six-month period can be found in our previous report dated 9 September 2021. Further details surrounding the Administrations of the Companies can be found in our Proposals dated 25 February 2021. Both of these documents continue to be available online at: [prezzo-restaurants](https://www.fticonsulting.com/emea/cip/prezzo-restaurants).
- If you are unfamiliar with insolvency, we have included as an appendix a brief overview that you may wish to read before continuing to read this report.
- Certain legal notices regarding this report, our appointment and creditors' rights are also included as an appendix.

How to Contact Us

- Creditors can contact us using the preferred methods below:

Email:

Post: PRZ Realisations Limited c/o FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD

Tel: 020 3727 1079

- Further information can be found online at:
<https://www.fticonsulting.com/emea/cip/prezzo-restaurants>

Actions Required by Creditors

- As explained in our Proposals and later in this report, preferential creditor dividends will be paid to both first and second ranking preferential creditors.
- **First ranking preferential creditors of Prezzo Limited were requested to provide bank details (into which their preferential dividend should be paid) on or before 6 March 2022.**
- There is not expected to be any surplus funds available to make a distribution to the Companies unsecured creditors.



Progress of the Administration

PROGRESS OF THE ADMINISTRATION

Realising the Assets

In our Proposals and SIP16 statement to creditors, we reported that the business and assets of the Companies were sold immediately following our appointment. Below is a reminder of that transaction.

Background to the Companies and the Administrations

- A background on the Companies and the events leading up to the appointment of administrators were included in our Proposals and SIP16 Statement and are not repeated here for the purposes of this report unless considered necessary or beneficial to do so. Therefore, creditors may wish to review this report in conjunction with our Proposals and SIP16 statement.
- In summary, the Group operated 178 restaurants across the UK, employing 2,716 people across the UK. Like many other UK casual diners, the Group was heavily impacted by Covid-19. The nationwide lockdowns through 2020 and in early 2021 resulted in significant declines to Group revenue and despite achieving a solvent sale in December 2020, the subsequent January 2021 lockdown and the uncertainty around its extent and duration ultimately resulted in the Companies’ directors coming to the view that the Group was insolvent.

Sale of the Business and Assets

- For reasons disclosed in the Proposals, the Companies were unable to avoid entering an insolvency process. However, we reported that the majority of the Group’s business and assets was sold via a pre-pack administration to NewCo, a wholly owned subsidiary of Cain International LP, immediately following our appointment as joint administrators. Consideration for the sale totalled £5.04m (cash of £2.64m & debt of £2.40m).
- The Transaction minimised business disruption, ensuring continuity for the business and its suppliers and protecting the Group’s employees, thereby preserving over 2,550 jobs.
- Despite the sale of the business, there remained a significant amount of work to do in the Administration of PL (the main trading entity), in particular the management and transfer (or vacation) of a large portfolio of leasehold properties.

Pre-pack administration

- The term ‘pre-pack administration’ refers to an insolvency process, in which the sale of all or part of a company’s business or assets is negotiated with a purchaser prior to the appointment of an administrator and the administrator effects the transaction or transactions immediately on or shortly after appointment.
- The administrator must provide creditors with sufficient information such that a reasonable and informed third party would conclude that the pre-pack sale was appropriate and that the administrator has acted with due regard for the creditors’ interests.

150

Completed property assignments

All property assignments from PRZ Realisations Limited (formerly Prezzo Limited) to Prezzo Trading Limited have now completed, with the remainder of sites having been vacated.

2,550 jobs

Number of jobs saved

The sale of the business included the transfer of over 2,550 jobs to NewCo, significantly reducing the level of claims against the Company.

100%

Dividend to first ranking preferential creditors

The reduced level of employee-related claims are capable of being paid in full from surplus floating charge realisations.

PROGRESS OF THE ADMINISTRATION

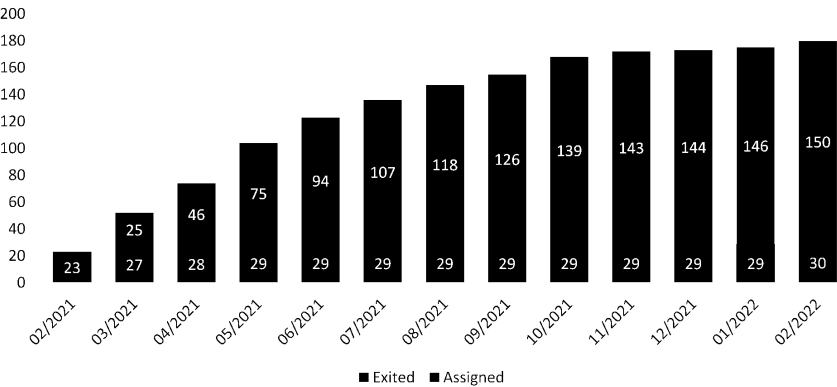
Realising the Assets

The whole leasehold portfolio of PRZ Realisations Limited has now either transferred to the Purchaser or been exited. As at 9 February 2022, 150 properties had transferred and 30 had been exited.

Leasehold Properties

- As set out in the APA dated 10 February 2021, the Purchaser continued to occupy properties pursuant to License to Occupy (LTO) agreements granted by the Joint Administrators. The ongoing property-related expenses incurred ranked as an expense of the Administration, but were indemnified and funded by the Purchaser.
- As shown in the table opposite, all 180 leases have either been assigned or exited. Some 150 of the completed sites were assigned, and 30 were exited. During the Period (10 August 2021 to 9 February 2022), 43 assignments were completed and one site was vacated.
- As the Companies no longer have any leasehold interests, the Administrations are capable of being moved towards closure. Where sites have been exited but not formally surrendered, we will be writing to the relevant landlords confirming that should they wish to formalise a surrender, this will need to be completed ahead of the conclusion of the Administrations.

Cumulative Properties Assigned or Exited



A significant amount of time has been spent in dealing with landlords and the Purchasers’ staff in relation to the LTO, which has included the following:

- Invoicing to the Purchaser for the anticipated property expenses to be incurred in the following month;
- Regular payment runs on invoices received from landlords for rental and other property-based arrears in the preceding period;
- Reviewing lease assignments alongside our legal advisors, to ensure that any risks for PL and the Joint Administrators’ was mitigated;
- Providing credit notes where assignments were agreed and a balance was due back to the Purchaser;
- Dealing with an extension of the LTO beyond the previously agreed period to allow for completion of the remaining required property transfers to the Purchaser;
- Discussing the current position regarding LTO funds held by us with the Purchaser and reconciling differences; and
- Where the Purchaser had taken the decision that they were not seeking an assignment of a particular leasehold, we have been required to confirm to the landlord that there was no remaining interest in the property and therefore offered a surrender of the lease. In the Period this only applied to one property.

PROGRESS OF THE ADMINISTRATION

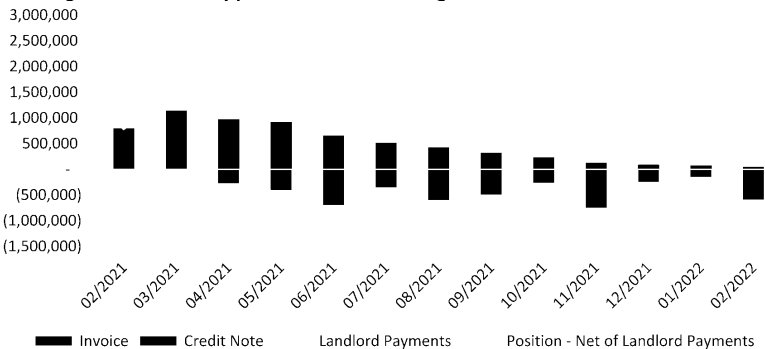
Managing the LTO

Throughout the period of the Administration, the amount invoiced to NewCo has gradually decreased in line with the number of sites completed.

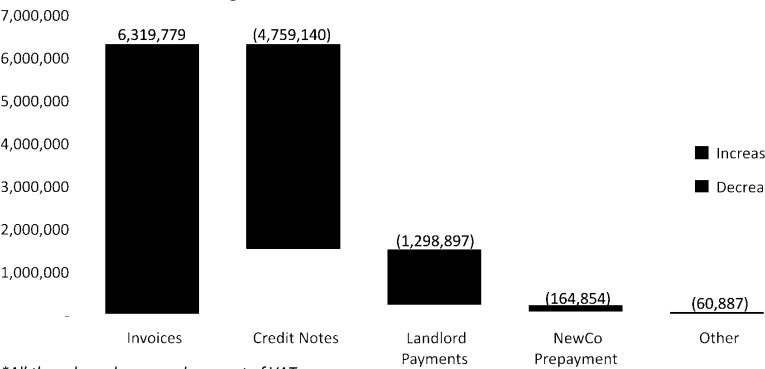
License To Occupy Balances and Landlord Liabilities

- Under the LTO, the Purchaser (occupier) was invoiced for property-related costs until such time that the relevant property was either transferred to (or exited by) the Purchaser.
- Cash received under the LTO was utilised by PL (which was still the tenant on the leases) to settle the costs due in respect of these properties e.g. rent, service charge, insurance and utilities. To protect PL and its creditors, the Purchaser was invoiced for anticipated costs monthly in advance, whilst landlords were paid monthly in arrears (on receipt of a valid invoice).
- This timing meant that when a property was assigned or vacated, a credit was repayable to the Purchaser. In some cases, PL was also released from any liability following the appointment of administrators, further increasing the amount of the credit.
- The illustrations opposite show the amount of funding held by us during the Administration to meet potential leasehold property expenses; together with the breakdown between invoices raised to the Purchaser, credit notes issued and payments to landlords.
- In respect of a number of properties, rent for certain periods after our appointment had been prepaid by PL. As the Purchaser was invoiced for the benefit of these periods of occupation yet no payments were required by landlords (as they were prepaid), the amounts received from the Purchaser were an asset of the Administration. The total amount invoiced and received was £164,854.
- At the end of the Period, we held funds totalling £60,887 net of VAT in relation to rents due on properties that have been exited. The rents due relate to the period of the Purchaser's occupation and remain properly due on receipt of an invoice from the landlords.

Funding Held for Post-Appointment Lease Obligations



Overview of LTO Funding



*All the values above are shown net of VAT

PROGRESS OF THE ADMINISTRATION

Realising the Assets (1/2)

We continue to recover business rates in relation to various sites, however, following advice we do not believe there is a prospect of any recoveries from a business interruption insurance claim.



Business Rates

- DWD LLP has been instructed to recover historic business rates overpayments. All leases were held by PL so all business rates recoveries will be received by this entity. No business rate recoveries are anticipated for PHL.
- Rate savings were expected to be available for the period 1 April 2017 to 27 September 2020. However, DWD LLP has indicated that the majority of potential savings will be for the period prior to 31 March 2020, as a result of the Expanded Retail Relief from business rates granted by the Government as a response to Covid-19.
- To date, recoveries totalling c.£26k have been received (all in the first six months of the Administration). The timing and likelihood of further business rates recoveries remains unclear and consequently the Administrators will be required to evaluate the benefits of keeping the Administrations open, given the associated costs of doing so.



Business Interruption Insurance Claim

- We contacted the Companies' former insurance brokers regarding the possibility of a business interruption claim. However, the insurers have confirmed that in their view, the Companies do not have a valid claim.
- Following a review of the policy documentation by our legal advisors, we are of the opinion that the Companies do not have a business interruption claim that will result in a recovery for the estate.



Pre-administration Bank Accounts

- Since appointment, we have recovered £1.044m from regular bank sweeps of PL's pre-Administration bank accounts, a significant proportion of which was due to the Purchaser. A summary of these recoveries is given below:
 - **£159k** - balance of PL's pre-Administration bank accounts as at 10 February 2021.
 - **£390k** - cash received into pre-Administration accounts after 10 February 2021 due (and subsequently transferred) to the Purchaser in respect of grant income from local authorities for the period during which the Purchaser has occupied the properties. It also includes receipts from Amex and Just Eat that were incorrectly paid to historic bank accounts but relate to the Purchaser's post-acquisition trading period.
 - **£495k** - cash received into pre-Administration accounts after 10 February 2021 due to PL, of which £56.5k has been received during the Period. The majority of this consists of grant income received in respect of the period prior to the Administration. The remainder relates to sales made in the period immediately preceding the Administration.
- We understand that all funds flowing through PL's pre-Administration bank accounts have now completed and during the Period the necessary steps were taken to close these accounts. These accounts were closed in late November 2021.

PROGRESS OF THE ADMINISTRATION

Realising the Assets (2/2)

Our work in relation to various other assets is summarised below. No further realisations are expected from these sources.



British Gas Deposit

- As set out in our previous report, PL had lodged an £800k deposit with British Gas in relation to its electricity supply and the deposit was considered likely to be partially available upon an insolvency.
- However, British Gas had a contractual right to set off the deposit against unpaid balances and termination fees, estimated to be in the region of £626k and £46k. This would leave a potential net recovery of £125k having applied a small amount of both legal and office holder costs in respect of realising the asset.
- On the basis of the above, the Purchaser paid £125k for the benefit of the deposit following a novation of the British Gas contract.



Car Lease Repayment

- As set out in our previous report, vehicle leases had been entered into by PL where amounts had been pre-paid for the period following the completion of the Transaction. Where this was the case, the Purchaser continued to benefit from the use of the vehicles and therefore agreed to meet the full value of the pre-payment totalling £3,750.



Rental Prepayment

- As described earlier, on appointment PL had pre-paid rental income for a number of properties which included cover for the post-Administration period ("the Pre-Paid Properties").
- The Purchaser remained in occupation of all these properties, so all of the Pre-Paid Properties were subject to the LTO.
- Therefore, LTO fees received for the pre-paid period have been treated as an asset of the Administration, as there were no payments due to the landlords for the equivalent periods. The total realisation was c£165k has been recovered during the Administration.

Dealing with Stakeholders and Creditors

Our work includes adjudicating on claims and amounts owed to creditors where a dividend may be available for them. We also respond to queries that we receive from creditors and other stakeholders to the extent possible.

Preferential Creditors - Employees

- When PL entered Administration, 213 of its employees were made redundant, being those located at sites which the Purchaser did not wish to continue.
- ERA Solutions, who specialise in employee matters for insolvent companies, were instructed by us to manage matters in relation to the redundancy of these employees, and have specifically assisted with the following:
 - Aiding employees with the submission of their relevant claims;
 - Corresponding and submitting claims to the Redundancy Payments Service; and
 - Dealing with queries in relation to the anticipated timing of payments.
- Throughout the Period, we have maintained a regular dialogue with ERA Solutions and have supported the resolution of employee queries as and when required.
- We understand that 191 of the 213 employees made redundant have submitted a claim to the RPS, where employees have not made a claim to the RPS they will have the ability to participate in the first ranking preferential dividend.
- The final claim from the RPS amounted to £204,946.70. Receipt of the claim allowed us to issue a notice to PL's first-ranking preferential creditors of our intention to distribute a first and final dividend. The notice was sent on 9 February 2022. We anticipate dividend payments being made prior to the end of June 2022.
- Other than the 213 employee redundancies detailed above, all other employee contracts were novated to the Purchaser on 10 February 2021, as part of the Transaction and under TUPE.

Preferential Creditors - HMRC

- Liaison with HMRC in relation to queries raised in relation to the December 2020 transaction, this involved the provision of a small amount of information, having provided this information no further queries were raised.
- Corresponding with HMRC in relation to the decision procedure on the approval of our remuneration, given their preferential status they were entitled to participate in the decision procedure and voted for the approval of our fees.
- We will shortly be liaising with HMRC in relation to their claim, in anticipation of paying a preferential dividend to PL's second ranking preferential creditors.
- A Notice of Intended Dividend will be issued within the next six weeks.

Secured Creditors

- A regular dialogue has been held with the Companies secured creditors and they have been frequently updated on matters that they have confirmed are of interest to them.
- Specifically, this includes significant dialogue in relation to the LTO, fixed charge VAT recoveries, extensions to both the PL and PHL Administrations and discussions on an increase to our (fixed charge) remuneration as a consequence of extending both the Administrations and the LTO.

Unsecured Creditors

- We have continued to deal with queries received from unsecured creditors. We have also provided reasonable assistance (as required by the ASA) in the novation of various pre-appointment supplier agreements to the Purchaser, where this service was required for the ongoing business.

Preferential dividends are expected to be paid to both the first and second ranking preferential creditors.

Managing the Companies' Affairs

Until such time as the Companies are dissolved, they must continue to fulfil many of their usual obligations. Whilst appointed to manage the affairs of the Companies, we are responsible for ensuring these obligations are met.

Taxation

- Following our appointment, corporation tax (CT), PAYE and VAT notifications were issued to HMRC.
- VAT returns have been submitted to HMRC for all relevant periods up to 31 December 2021. The majority of VAT receivable and payable is in respect of LTO amounts invoiced and credited to/from NewCo and payments that were made to landlords during the relevant period.
- As LTOs were granted for leases that could not transfer prior to receiving landlord consent, VAT options-to-tax were made on all leasehold property interests to minimise costs to PL in relation to VAT on rental charges from landlords. In addition, this mitigated any requirement to make VAT adjustments under the Capital Goods Scheme for historic capex or fit out works to properties.
- Pre-appointment CT returns for the periods ended 31 December 2019, 31 December 2020 and 9 February 2021 were required. The CT returns for each of these periods have now been submitted, with the returns for the periods ending 31 December 2020 and 9 February 2021 were completed during the period.
- A c£2.5m tax liability was due for the period ending 31 December 2019, however given this relates to a pre-Administration period, this is an unsecured claim in the Administration. No amounts were due in respect of the other periods.
- A further CT return will be due for the period ending 9 February 2022. We will shortly be providing our tax team with the relevant information to submit this return for PL and PHL.
- Given the TUPE transfer or redundancy of all employees immediately on appointment, no PAYE filings are required for the post-Administration period.

Treasury and accounting

- An account of our receipts and payments for the period covered by this report is provided at Appendix B.
- Receipts in the period consist of cash recovered into PL's pre-Administration account, cash received in respect of pre-paid rental income at specific properties (see earlier) and bank interest. Both the cash and the pre-paid rental income are asset realisations attributable to the floating charge. There have been no receipts in the period for PHL. There were no anticipated realisations at PHL as set out in the Directors' Statement of Affairs.
- Payments made from the proceeds of realising the fixed charge assets (including the LTO fees) include payments to landlords for ongoing property costs (e.g., rental income, service charge and utilities) and the payment of legal fees and expenses which are specific to fixed charge asset realisations.
- Payments made from the proceeds of realising the floating charge assets include costs for our employment and business rates advisers and payment of insurance premiums due in relation to PL for public liability cover. The only other payments are renewal fees due annually to the Information Commissioner and a small amount of legal fees.

Books and Records

- Prior to and following our appointment, we have taken various steps to locate and recover the Companies' records. This has included the collection and review of the following documents enabling us to undertake and complete our post-administration requirements:
 - Key financial information;
 - Pre-Administration board minutes both prior to and post the December 2019 transaction; and
 - VAT and Tax information required to enable the submission of pre-appointment CT returns.

Fulfilling our Statutory Duties

As a consequence of the Companies' insolvency, we have a number of responsibilities that include giving notices and updates to stakeholders and investigating the affairs of the Companies.

Statutory Investigations

- In our previous report, we confirmed that we had submitted information in regard to the conduct of the Companies' directors to the Department for Business, Energy and Industrial Strategy. The content of our investigatory findings is confidential; however, it was concluded that there were no recovery actions relating to the directors conduct that could or should be pursued.
- Our investigation work was performed in accordance with SIP 2 and included a review of:
 - Questionnaires submitted by the directors of the Group who held office in the three-year period prior to the Administrations;
 - The statements of affairs prepared by the directors of the Companies;
 - The Group's Board Minutes in the 12 months leading up to appointment;
 - Correspondence received from creditors (who had been invited to bring any matters to our attention); and
 - Certain of the Group's financial information.

Investigations and submission of conduct reports

- An administrator has a duty to investigate what assets there are (including potential claims against third parties including the directors) and what recoveries can be made. This gives rise to the need for an administrators to carry out appropriate investigations, in order to satisfy their specific duties and to allay, if possible, the legitimate concerns of creditors and other interested parties.
- An administrator also has a duty to report to the Department for Business, Energy and Industrial Strategy on the conduct of those that formerly controlled the company.



Objective of the Administrations

- As set out in our proposals, we are pursuing statutory 'Objective (c)', which is to realise property in order to make a distribution to one or more preferential creditors.
- This was considered appropriate on the basis that the Transaction enabled a distribution to both the first ranking (employees) and second ranking (HMRC) preferential creditors in PL.
- The Transaction provided the best outcome for creditors of the Group and was to the advantage of all classes of creditors, and in some circumstances benefitted from the continuity of supply provided by the Transaction.

Extensions to the Period of the Administrations

- We considered that it was necessary to extend the period of the Administrations for each of the entities to allow all outstanding matters to be resolved in an orderly manner; including the payment of distributions to both the first ranking and second ranking preferential creditors.
- A request to extend the Administrations was approved by the Secured Creditors of both PL and PHL on 25 January 2022 and 4 February 2022 respectively.
- For PL, the preferential creditors also approved the extension of the Administration by way of a decision by deemed consent (with a decision date of 2 February 2022).
- As this was the first extension of the Administrations, only the consent of the relevant classes of creditors was required, with the Administration of PL and PHL being extended for a period of 12 months to 9 February 2023. In the highly unlikely event that a further extension is required, an application to court will be needed closer to the time.
- Having sought and obtained relevant approvals, notices of the extensions have been delivered to creditors via our website and filed with Companies House.

Fulfilling our Statutory Duties

As a consequence of the Companies' insolvency, we have a number of responsibilities that include giving notices and updates to stakeholders and investigating the affairs of the Companies.

Joint Administrators' Remuneration

- Relevant approvals to draw our remuneration have been received from the secured and preferential creditors. These approvals were as follows:
 - A set amount of £900k to be paid only from fixed charge realisations;
 - Time costs (up to a fees estimate of £415k) to be paid from floating charge asset realisations; and
 - A percentage of realisations, being 100% of the VAT exclusive amount invoiced by PL to the Purchaser in relation to work done only for the benefit of the Purchaser and only in relation to work undertaken as a consequence of an extension of the license to occupy period beyond the initial six months granted.
- The required approvals were received from the preferential creditors on 15 July 2021 whilst secured creditor approval was received on 17 July 2021.
- Further information in relation to our remuneration is set out in the Appendices.
- We have not drawn any fees or expenses during the period, however, we do expect to raise an invoice for the £900k fixed charge and any time costs relating to the floating charge amount shortly.
- There have not been (and will not be) any asset recoveries in PHL and therefore we are unable to draw a fee for acting as joint administrators of PHL.

Exit route from Administration

- The Administrations of PL and PHL may end at different times and in different ways, however at the present time, we expect each of PL and PHL to move to dissolution once its Administration is concluded.
- On current information, we expect to conclude both of the Administrations within the next 12 months and no further extensions to the period of the Administration are expected to be necessary.

Discharge from liability

- In accordance with the Insolvency Act 1986, approval for the timing of our discharge from liability was sought from the relevant classes of creditors for each of PL and PHL.
- In this case, approval was sought from the secured creditors of PL and PHL, and from the preferential creditors in respect of PL.
- During the period we received the following approvals:
 - Secured creditor approval for PL was received on 17 July 2021;
 - Preferential creditor approval for PL was received on 16 July 2021 (following a decision by correspondence); and
 - Secured creditor approval from PHL was received on 3 February 2022.
- No further approvals are required in relation to our discharge from liability.

Discharge from liability

- Pursuant to Paragraph 98 of Schedule B1 to the Act, our discharge from liability in respect of our actions as Joint Administrators of each of the Companies 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 (if appropriate) preferential creditors.





Estimated Outcomes for Creditors

Secured and Preferential Creditors

Secured Creditors

- As set out in our proposals and previous progress report, as at 10 February 2021 (the date of our appointment), the Companies were indebted to the Secured Lenders in the amount of £59.4m, plus interests and costs.
- Immediately following the transaction, a distribution of £2.4m was made reducing the corresponding indebtedness to an amount of £57m plus interest and costs.
- Addleshaw Goddard LLP, an independent law firm, were engaged to undertake a review of all security and comment on its validity. They confirmed the validity of the security.
- Aside from the £2.4m detailed above, we do not expect a further return to the Companies' Secured Creditor.
- For the avoidance of doubt, all funds distributed have been to the Secured Creditor have been distributed via PL; no distribution has been or is expected to be made by PHL.

Preferential Creditors

- The Preferential Creditors are split into two categories:
 - **First ranking preferential creditors** - mainly consisting of amounts due in relation to employee debts, including holiday pay and arrears of wages; and
 - **Second ranking preferential creditors** - consisting of specified amounts owed to HMRC. In the case of PL this includes VAT, PAYE, NICs and student loan repayments.
- Dividends to preferential creditors are paid from floating charge realisations, after the floating charge costs of the Administration.
- There are not expected to be any first-ranking preferential creditors in PHL, as this entity did not have employees. We do not expect PHL to make any asset recoveries to enable a distribution to HMRC (as second-ranking preferential creditor) in respect of the Group VAT liability.

Preferential Creditors (continued)

First ranking preferential creditors - Employees

- PL's first ranking preferential creditors will be paid in full. First ranking preferential claims total £220,305.
- On 9 February 2022, a 'Notice of Intended Dividend' was issued to all known first-ranking preferential creditors by post with a deadline to submit claims of 6 March 2022.
- Following the passing of the 6 March 2022 deadline, we will conclude the claims adjudication process; and by 6 May 2022 a dividend will be declared and paid to PL's first-ranking preferential creditors.

Second ranking preferential creditors - HMRC

- We estimate a dividend of c£1.5m is likely to be paid to HMRC by PL.
- The above estimate is based on certain cost assumptions that may alter depending on issues arising during the Administration. Should this be the case, the quantum of the second-ranking preferential dividend may change.

Preferential Creditors

- Preferential creditors are certain categories of unsecured creditors that have preferential status under insolvency legislation.
- They are typically employee-related debts in relation to arrears of wages and unpaid holiday pay, subject to statutory limits. The RPS becomes a preferential creditor in place of the employees once it has paid their statutory entitlements.
- Since December 2020, HMRC is also a preferential creditor for certain specified debts but ranks behind the preferential debts described above.

First ranking preferential debts will be repaid at 100p/£. HMRC may also receive c.£1.5m.

Unsecured Creditors and Prescribed Part

Unsecured Creditors

- In an administration, dividends may become available for unsecured creditors from two sources:
 1. The statutory (ring-fenced) Prescribed Part fund; and/or
 2. The surplus remaining after any secured and preferential creditors have been repaid in full.
- In this case, there will be insufficient funds to repay the preferential creditors in full and as such a distribution to the unsecured creditors either by way of the Prescribed Part, or from surplus funds, will not be possible.
- For the avoidance of doubt no Prescribed Part will be payable in either PL or PHL.

The Prescribed Part

- Under Section 176A of the Act, where after 15 September 2003 a company has granted floating charge security, a proportion of the net property of the company (achieved from floating charge asset realisations) must be made available for the benefit of the company's unsecured creditors.
- The Prescribed Part applies where there are net floating charge realisations (i.e. after costs of realisation) and is calculated as follows:
 - 50% of net property up to £10k;
 - Plus 20% of the net property in excess of £10k; and
 - Subject to a maximum of £600k (prior to the deduction of the costs of distributing). The £600k maximum prescribed part increased to £800k effective 6 April 2020 for floating charge security registered after that date.

Shareholders

- There will be no return to the Group's shareholders as there will be a material shortfall to the Group's creditors.








Key Matters Remaining

KEY MATTERS REMAINING

Work We Still Need To Do

The remaining steps that need to be taken ahead of concluding the Administrations are shown below, in addition to certain periodic statutory duties we must fulfil whilst we remain appointed.

Area	Property 	Other assets 	Tax / VAT 	Distributions 	Winding-down 
Work Required	<ul style="list-style-type: none"> Where possible formalise the surrender of properties where PL has vacated. Ensure the net position of LTO funds received is zero. Liaise with our insurance brokers on ongoing requirements for properties where a formal surrender has not been agreed. 	<ul style="list-style-type: none"> Continue to pursue recoveries in relation to business rates with our collection agents. Should any further potential asset recoveries come to light look at options in relation to their recovery. 	<ul style="list-style-type: none"> Resolve and finalise any taxation issues, including submission of appropriate post-appointment Corporation Tax returns. Recover/pay any amounts due to/from HMRC. De-register for VAT purposes once in a position to conclude the Administrations (this has been done for PHL). Seek tax clearance to conclude the Administrations. 	<ul style="list-style-type: none"> Distribute realisations to creditors in accordance with any relevant statutory provisions. In the case of PL, distributions will be made to both the first and second ranking preferential creditors. A notice of intended dividend has been issued to first ranking creditors. The adjudication and declaration process is expected to complete shortly. 	<ul style="list-style-type: none"> Progress any other matters required to wind-down the Companies' affairs generally prior to the Administrations concluding and the Companies being dissolved.
Timing	<ul style="list-style-type: none"> To document a formal surrender, landlord consent will be required. Timing for this remains uncertain. However, no ongoing financial obligations remain for these properties. 	<ul style="list-style-type: none"> Once we are in a position to conclude the Administration, we will consider whether there remains economic advantage in continuing to pursue these recoveries. 	<ul style="list-style-type: none"> The next VAT return due is for the period to 30 March. Final corporation tax returns are due for the period ending 9 February 2022. We anticipate all tax issues being finalised in 3 months. 	<ul style="list-style-type: none"> We expect payment of the first and second ranking distributions to be complete within the next six-month period. 	<ul style="list-style-type: none"> We are looking to conclude the Administrations significantly ahead of the anniversary and before 31 December 2022.

KEY MATTERS REMAINING



Future Correspondence and How to Contact Us

Our next report to creditors

- We are required to provide a further progress report to all creditors within one month of the end of the period ending 9 August 2022, or when the Administrations come to an end, whichever is sooner.
- All documents will be retained on our website and will remain live until two months after the conclusion of the proceedings. If you require hard copy documents, please contact the Prezzo Administrators at FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD and you will be provided, free of charge, a hard copy of documents posted to the website, either now or in the future.

- If you have any specific queries in relation to this report or the Administration in general, please contact us using the details given above.

For and on behalf of the Companies

Matthew Boyd Callaghan
Joint Administrator

How to Contact Us

- Creditors can contact us using the preferred methods below:

Email: prezzo@fticonsulting.com

Post: Prezzo Group c/o FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London EC1A 4HD

Tel: 020 3727 1079

- Further information can be found online at:
<https://www.fticonsulting.com/emea/cip/prezzo-restaurants>

The affairs, business and property of the Companies are being managed by the Joint Administrators, who act as agents of the Companies and without personal liability. The Joint Administrators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) of the Insolvency Act 1986.

The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>



Appendices

APPENDICES

Appendix A: Statutory Information

Information relating to both the Administrations.

Registered Office	C/O FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD		
Former Registered Office	Johnson House, 8 Johnston Road, Woodford Green, Essex IGX 0XA		
Administrators' Names	Matthew Boyd Callaghan, Andrew James Johnson and Ali Abbas Khaki		
Administrators' Address	FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD		
Administrators' Regulator	ICAEW		
Court Name / Address	High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD)		
Functions of Administrators	Pursuant to Paragraph 100 of Sch B1 to the Act, the Administrators may exercise any of the powers conferred on them by the Act jointly or individually		
Appointment Date	10 February 2021		
Appointer / Applicant	The Directors of the Companies pursuant to Paragraph 22 of Schedule B1 of the Act. Pursuant to Paragraph 26(1) of Schedule B1, the appointer had given written notice of their intention to appoint.		
Objective being pursued	Purpose C: Realising property in order to make a distribution to one or more secured and preferential creditors.		
EC Regulation	The EC Regulation on Insolvency Proceedings applies. The proceedings are main proceedings since the centre of main interest is in the United Kingdom.		
Security	Fixed and floating charges over all of its assets in favour of Lucid, the security agent for the Secured Creditors		
Current Administration End Date	9 February 2023		
Directors, Officers and their Shareholdings	Director Name	Status	Shareholding
	Dean Challenger	Current director	Nil
	Karen Elisabeth Dind Jones	Current director	Nil
	CI MILAN LIMITED	Current director	100% of PHL, PL is a wholly owned subsidiary of PHL.

Appendix A: Statutory Information

Information specific to each Administration.

Company Name	Previous Name(s)	Court Reference	Registered Number	Date of Incorporation	Trading Names
PRZ Realisations Limited	Prezzo Limited, Prezzo PLC	CR-2021-000236	03919682	4 February 2020	N/A
PRZ Realisations (2) Limited	Prezzo Holdings Limited	CR-2021-000237	09278104	23 October 2014	N/A

APPENDICES

Appendix B: Fixed Charge Receipts & Payments Accounts

Joint Administrators' Account of Receipts and Payments for the period
10 February 2021 to 9 February 2022

GBP	Note	Statement of Affairs (PRZ Realisations Limited)	10th February to 9th August 2021 (PRZ Realisations Limited)	10th of August 2021 to 9th of February 2022 (PRZ Realisations Limited)	PRZ Realisations Limited (Full Period)
Fixed Charge Receipts					
Business Name		290,000	290,000.00	-	290,000.00
Domain Names		50,000	50,000.00	-	50,000.00
Goodwill		3,200,000	3,200,000.00	-	3,200,000.00
Transferred Intellectual Property		100,000	100,000.00	-	100,000.00
Properties		1	1.00	-	1.00
Bank Interest			170.54	263.26	433.80
Tax Refunds			119.17	-	119.17
License to Occupy ("LTO")	1		3,657,913.62	(2,299,376.65)	1,358,536.97
Subtotal		3,640,001	7,298,204.33	(2,299,113.39)	4,999,090.94
Fixed Charge Payments					
Distribution to security agent			2,440,001.00	-	2,440,001.00
Payments under the LTO	2		1,070,761.19	228,136.09	1,298,897.28
Bank Charges			135.00	90.00	225.00
Advertising			184.00	-	184.00
Legal Fees	3		-	102,234.73	102,234.73
Subtotal			3,511,081.19	330,460.82	3,841,542.01
Fixed Charge Balance			3,787,123.14	(2,629,574.21)	1,157,548.93

APPENDICES

Appendix B: Floating Charge Receipts & Payments Accounts

Joint Administrators' Account of Receipts and Payments for the period
10 February 2021 to 9 February 2022

GBP	Note	Statement of Affairs (PRZ Realisations Limited)	10th February to 9th August 2021 (PRZ Realisations Limited)	10th of August 2021 to 9th of February 2022 (PRZ Realisations Limited)	PRZ Realisations Limited (Full Period)
Floating Charge Receipts					
Customer Contracts			1.00	-	1.00
Supply Contracts			1.00	-	1.00
Plant and Machinery and Chattels		1,200,001	1,200,000.00	-	1,200,000.00
Stock		200,000	200,000.00	-	200,000.00
Systems		1	1.00	-	1.00
Transferred Records			1.00	-	1.00
British Gas deposit	4	125,000	125,000.00	-	125,000.00
Insurance prepayment	4		156,411.00	-	156,411.00
Newco repayment for car lease			3,750.09	-	3,750.09
Business Rates Refund			25,713.75	-	25,713.75
Cash and cash equivalents		159,169	597,367.71	56,487.00	653,854.71
Book Debts		343,519	-	-	-
Leasehold Rental Prepayment	5		-	164,854.28	164,854.28
Subtotal		2,027,690	2,308,246.55	221,341.28	2,529,587.83
Floating Charge Payments					
Employment Specialist Fees			8,810.00	3,260.00	12,070.00
Insurance - Public Liability			-	19,818.40	19,818.40
Rates - Agent Fees			-	4,714.00	4,714.00
Information Commissioner Fees			-	40.00	40.00
Legal Fees	3		-	1,910.25	1,910.25
Pre-Administration Legal Fees	3		141,417.50	-	141,417.50
Subtotal			150,227.50	29,742.65	179,970.15
Floating Charge Balance			2,158,019.05	191,598.63	2,349,617.68
Balance	6		5,466,763.02		3,507,166.61

APPENDICES

Appendix B: Summary of Funds Held

Joint Administrators' Account of Receipts and Payments for the period 10 February 2021 to 9 February 2022		
Current Cash at Bank		
Fixed Charge Bank Account		1,116,639.58
Floating Charge Bank Account		2,319,918.08
Total in Bank Accounts		3,436,557.66
Future VAT Position		
Fixed Charge VAT Position		40,909.35
Floating Charge VAT Position		29,699.60
Total VAT Position		70,608.95
Total Assets Available		
Fixed Charge		1,157,548.93
Floating Charge		2,349,617.68
Total Assets Available	7	3,507,166.61

APPENDICES

Appendix B: Notes to the Receipts and Payments Accounts

Notes

1. The LTO is a license requiring the Purchaser (PTL) to meet any properly incurred property expenses during the Administration. The LTO was entered into alongside the pre-packaged transaction on 10 February 2021. Amounts payable by PTL are calculated by reference to the underlying leases and invoices from landlords.
2. Payments under the LTO relate to payments made to landlords for rental liabilities, insurance and service charge costs, calculated on a daily basis.
3. In the previous period, Addleshaw Goddard raised an invoice totalling £145,238, however only the element relating to pre-Administration costs (£141,417.50) was shown in our previous report. The post-Administration element (£3,820.50) is now also included.
4. Both the British Gas deposit and insurance prepayments were assets of the Company sold to PTL.
5. The Company recovered the benefit of the pre-paid rents as the amounts paid by the Purchaser for its period of occupation did not (in some cases) need to be paid to the relevant landlords.
6. All receipts and payments are shown net of VAT, with VAT shown separately.
7. No Receipts and Payments account has been produced for PHL, this is due to PHL having not made any receipts or payments combined with the Directors' Statement of Affairs which showed no estimated to realisable value for assets.

Appendix C: Joint Administrators' Remuneration and Expenses

It was proposed that our remuneration be determined as a set amount payable from fixed charge assets, a time cost basis payable from floating charge assets and a percentage of realisations for certain property-related work funded by the Purchaser.

Basis of Remuneration

- In our Proposals we explained that given a large amount of value was to be recovered from assets subject to fixed charge security, we would adopt a methodology to appropriately allocate our remuneration between the fixed and floating charge assets, to reflect both the value obtained for creditors and the amount of work that we need to do.
- Given the above, it was agreed with the Secured Creditor that a majority of the remuneration would be paid from assets subject to its fixed charge security and a set fee of £900k was agreed to do this work.
- We believed that £900k was a reasonable and fair reflection of the work expected to be required in relation to workstreams specific to the fixed charge assets as well as a proportion of the statutory duties and compliance tasks. Such tasks are required as a consequence of our appointment over the Companies, and are not always directly attributable to any particular type of security.
- It was also set out in our Proposals that our remuneration for all other work (payable from assets subject to floating charge security) would be determined by reference to time properly spent by us and members of our staff at our standard charge-out rates for work of this nature (see opposite).
- When administrators seek approval for fees to be charged on a time cost basis, a fees estimate must be provided to creditors. That estimate acts as a cap, whereby fees cannot be drawn over that amount without further approval from those who approved the fees. A breakdown of our fees estimate is provided opposite.
- In addition to the above, we previously explained that where it was necessary to extend the LTO in order to complete the assignment of various leasehold properties, we would seek to charge the Purchaser for the direct costs and indirect costs falling on the Companies as a result, which would include time spent in continuing to administer the property portfolio, as well as additional statutory work arising from a prolonged period of the Administrations. The amount received from the Purchaser would be drawn in full as remuneration for that work (i.e., 100% of realisations).

FTI Standard Charge-Out Rates

Grade	Restructuring (2021) Tax (2021)		Restructuring (2022) Tax (2022)	
	£ per hour	£ per hour	£ per hour	£ per hour
Senior Managing Director	925	865	960	900
Managing Director	795	730	825	760
Senior Director	740	675	770	700
Director	660	640	685	575-665
Senior Consultant	585	390	610	405
Consultant	500	325	520	340
Associate	235	220	245-350	230-270
Intern	180	-	185	-
Administrative	180	160	185	165

Fees Estimate

Category	Incurred to date			To be incurred			Estimate		
	Hr	£	£/Hr	Hr	£	£/Hr	Hr	£	£/Hr
Administration and Planning	320	100,083	313	89	14,892	168	409	114,975	281
Investigations	27	13,090	485	-	-	NA	27	13,090	485
Realisation of assets	47	39,061	835	-	-	NA	47	39,061	835
Creditors & shareholders	424	116,885	276	117	17,392	148	541	134,277	248
Tax	61	19,380	320	17	2,884	172	77	22,264	288
Reporting	140	72,749	521	39	18,585	480	178	91,334	512
Total	1,018	361,248	458	282	53,752	242	1,300	415,000	441

Appendix C: Joint Administrators' Remuneration and Expenses

This appendix provides additional information in respect of our fees and expenses and the work undertaken during the Administrations.

Fee Approval

- Approval was required from the relevant classes of creditors to each basis and quantum of our remuneration.
- In the circumstances of this case, approval was required from each secured creditor and (a voting majority of) the preferential creditors.
- On 16 June 2021, a notice was issued to (1) known preferential creditors, enabling them to participate in a decision by correspondence (with a decision date of 15 July 2021) pursuant to Rule 15.8 of the Insolvency (England & Wales) Rules 2016, and (2) to PL's secured creditors, for the approval or otherwise of our remuneration. The following resolutions were put to and approved by PL's secured creditors and preferential creditors:
 - That the Joint Administrators' fees be approved on the following bases:
 - A set amount of £900,000 to be paid from fixed charge asset realisations;
 - A time cost basis (with a fees estimate of £415,000) to be paid from floating charge asset realisations; and
 - A percentage of realisations, being 100% of the VAT exclusive amount invoiced by the Company to the Purchaser in relation to work done only for the benefit of the Purchaser and in relation to work undertaken as a consequence of the extension of the licence to occupy period beyond the initial six months granted.
- Approval was received from the preferential creditors on 15 July 2021 and from the secured creditors on 17 July 2021.

Pre-Administration Costs

- Details of pre-Administration costs were set out in our Proposals, including the scope of work undertaken prior to the appointment and how the work was intended to further the objective of the Administrations. A brief summary is set out below:
 - Under engagement letters dated 22 December 2020 and 6 January 2021, FTI incurred total time costs of £464,351 (plus VAT) for work undertaken in the period prior to the Administrations for which FTI was paid in full ahead of our appointment over the Companies.
 - The work carried out with a view to the Companies entering Administration principally related to the pre-pack transaction and other preparatory work required for the Companies to enter Administration in an orderly manner and for the purpose of maximising the outcome for creditors.
 - Addleshaw Goddard LLP ("AG") were instructed to undertake the necessary legal work to place the Companies into Administration. AG's total pre-appointment time costs were £199,417.50 of which £58,000 plus VAT was paid by PL in advance of the Administration. This left an unpaid pre-Administration balance in relation to AG's pre-appointment time costs of £141,417.50.
- At the same time as approving the basis of our remuneration, the secured and preferential creditors of PL also approved the following resolution:
 - That the unpaid pre-Administration costs be paid as an expense of the Administration. As explained in Appendix C of our Proposals, these are legal expenses totalling £141,417.50 incurred in relation to the drafting of the ASA and the preparation of documents specific to the appointment of the Joint Administrators'.
- The above amount has been paid to AG as an expense of the Administration. All payments made prior to our appointment were paid by PL.

Appendix C: Joint Administrators' Remuneration and Expenses

Further details of our work in the Administration and any financial benefit for creditors.

Category	Description	Rationale/ Benefit to Creditors
Administration & Planning	<ul style="list-style-type: none"> ■ Case planning - devising appropriate strategies for all entities and dealing with the cases and giving instructions to relevant staff members to undertake specific workstreams as and when required (O). ■ Issuing the statutory notifications to creditors and others required on appointment as office holder, including gazetting the office holders' appointments (C). ■ Routine administrative tasks, such as setting up case files, dealing with routine correspondence (O). ■ Obtaining specific penalty bonds (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate) (C). Review of this bond on a quarterly basis (O). ■ Reporting on the outcome of the approval of the Proposals to the creditors, Companies House and the Court. (C) ■ Cashiering – including opening, maintaining and managing the office holders' estate bank accounts, processing of receipts and payments and bank reconciliations (O). ■ Undertaking periodic reviews of the progress of the cases, including six- month progress reports to creditors (O). ■ Seeking consent for extensions to the period of the Administrations and filing the relevant notices with the Registrar of Companies for the Administrations to continue beyond a year (C). Future applications to Court for further extensions of the Administrations (O). 	<ul style="list-style-type: none"> ■ Statutory / compliance requirement, and to ensure efficient project management
Investigations	<ul style="list-style-type: none"> ■ Where required: recovering, listing and reviewing the books and records for the cases (C). ■ Submitting online returns on the conduct of the directors for each of the eight entities as required by the Company Directors Disqualification Act (C). ■ Conducting initial investigations with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc. (C). ■ Liaising with the Companies' directors in relation to the completion of the Statement of Affairs (C). ■ Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors (C). 	<ul style="list-style-type: none"> ■ Statutory requirement and to assess whether potential claims against third parties for the benefit of creditors
Realisation of Assets	<ul style="list-style-type: none"> ■ Completing a sales process of substantially all the assets in the Group (C). ■ Monitoring of quantum and timing of Business Rates refunds (O) ■ Liaising with the Companies' bankers regarding pre-appointment accounts and arranging for periodic transfers of funds, including pre-appointment debtors, and closure of the accounts and arranging the subsequent closure of these accounts (O). ■ Liaising with insurers and providing supporting data in relation to a potential Business Interruption claim (C). 	<ul style="list-style-type: none"> ■ Identify, assess and seek to realise value for creditors

Appendix C: Joint Administrators' Remuneration and Expenses

Further details of our work in the Administration and any financial benefit for creditors.

Category	Description	Rationale/ Benefit to Creditors
Landlords & Property	<ul style="list-style-type: none"> ■ Arranging suitable insurance over assets including the leasehold properties where LTOs have been granted (C). ■ Regularly monitoring the suitability and appropriateness of the insurance cover in place (O). ■ Administration of lease surrenders and correspondence with non-retained landlords (O). ■ Administration of LTO's for retained sites, including invoicing and payment of rent during the LTO period (O). ■ Handling the surrender of non-retained leases and dealing with the claims these landlords have in the relevant Administrations (O). ■ Accounting for receipts and payments from both the Purchaser and landlords in relation to the license to occupy (O). ■ Reviewing and completing on assignments agreed between the landlords, Purchaser and the Companies (C). ■ Continued correspondence with the Purchaser in relation to the assignments and issues faced at various of the leasehold properties (C). 	<ul style="list-style-type: none"> ■ Required under the terms of the ASA, and LTO which provided significant benefit to the Companies' creditors.
Creditors	<ul style="list-style-type: none"> ■ Obtaining information from the case records about employee claims (C). ■ Completing documentation for submission to the Redundancy Payments Service (C). ■ Corresponding with employees regarding their claims (O). ■ Liaising with third party providers instructed on the case to assist in dealing with employee claims; obtaining reports and updates from them on the work done (O). ■ Dealing with creditor correspondence, emails and telephone conversations regarding their claims (O). ■ Maintaining up to date creditor information on the case management system (O). ■ Reviewing proofs of debt received from both first ranking and second ranking preferential creditors, adjudicating on them and formally admitting them for the payment of a dividend (O). ■ Calculating and paying dividends to both first and second ranking preferential creditors (C) ■ Issuing the notice of declaration of dividend to first ranking preferential creditors (C). ■ Issuing the notice of declaration of dividend to second ranking preferential creditors (F). ■ Paying tax deducted from the dividends paid to employees (F). 	<ul style="list-style-type: none"> ■ Statutory requirements and required for orderly case management. Dividends represent the distribution of available assets to creditors in respect of their claims.

Appendix C: Joint Administrators' Remuneration and Expenses

Further details of our work in the Administration and any financial benefit for creditors.

Category	Description	Rationale/ Benefit to Creditors
Tax	<ul style="list-style-type: none"> ■ Preparing and filing VAT returns (O). ■ Deregistering the Companies for VAT purposes when all income and expenditure has been incurred/realised (F). ■ Preparing and filing both pre and post appointment Corporation Tax returns (O). ■ Seeking closure clearance from HMRC and other relevant parties (F). 	<ul style="list-style-type: none"> ■ Statutory requirements, but necessary to ensure tax is accounted for accurately and on time to ensure no financial detriment to creditors.
Reporting	<ul style="list-style-type: none"> ■ Preparing, reviewing and issuing Proposals to the creditors and members (C). ■ Filing the Proposals at Companies House (C). ■ Reporting to the Lenders on the progress of the Administration (O). ■ Preparing, reviewing and issuing six-monthly progress reports to creditors (O). ■ Filing progress reports at Companies House (O). ■ Preparing, reviewing and issuing final reports to creditors (F). ■ Filing final reports at Companies House (F). 	<ul style="list-style-type: none"> ■ Required by statute and to inform creditors on the progress of the Administrations
Technology	<ul style="list-style-type: none"> ■ Where required, registering with the Information Commissioners Office to ensure GDPR compliance (C). 	<ul style="list-style-type: none"> ■ Compliance/legal requirement

Appendix C: Joint Administrators' Remuneration and Expenses

We have engaged several third parties to undertake work which (in some cases) we could have done ourselves, further details in relation to these is set out below.

Expenses

- The table below provides an analysis of expenses. Category 1 expenses are payments to independent third parties where there is specific expenditure directly referable to the case. The type of disbursements that may be charged as a Category 1 expenses to a case generally comprise of external supplies of incidental services specifically identifiable to the case such as postage, statutory case advertising, invoiced travel, external printing, room hire, and document storage.
- Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Approval from creditors is not required for these expenses to be drawn.
- Category 2 expenses are costs that may include shared or allocated costs. We do require approval before drawing Category 2 expenses. The body of creditors who approve our fees also have responsibility for approving of Category 2 expenses.
- An estimate of our anticipated Category 1 expenses are set out in the table below. There have been no Category 2 expenses incurred to date, nor are any expected to be incurred.

Estimated Expenses by Category

Type of Cost	Category	Incurred to date (£000)	Estimated to be incurred (£000)	Estimated Total Incurred (£000)
Postage	Category 1	0.17	4.83	5.00
Stationary	Category 1	0.07	4.93	5.00
Statutory Bond	Category 1	0.53	0.53	1.60
Total		0.24	9.76	10

- No Category 1 expenses have been incurred in the period 10 August 2021 to 9 February 2022. The amount incurred to date was all incurred in the period 10 February 2021 to 9 August 2021.

Professional Advisory and Subcontracted Work

- The table below provides details of professional advisors and subcontractors that we have engaged on this project. The use of subcontractors is in relation to work that we could have done, but that we have outsourced.

Professional Advisors and Subcontracted Work

Advisor/ Subcontractor	Service Provided	Basis of fee arrangement
ERA Solutions	Employee Claims	Fixed fee based on number of employees
Addleshaw Goddard/ Walker Morris	Legal Advice	Time costs and fixed fee of £1,500 per property in relation to assignments.
DWD LLP	Business Rates Recovery	15% of cash realisations
AON UK Limited	Insurance services	Insurance premiums, plus IPT

- Our choice of ERA Solutions to assist with employee claims, Addleshaw Goddard (Walker Morris have been instructed on lease assignments where AG are conflicted) to provide legal support and DWD LLP to assist with historic business rates recoveries was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment.
- We also considered that the basis on which they will charge their fees represented value for money for creditors. Other than the legal advice and insurance services, the work could have been undertaken by our teams, but we have outsourced this work as we consider it to be more cost effective and the providers have relevant specialist experience.
- We have also utilised the services of other teams within FTI Consulting LLP to assist with the Administration process. The fees of our tax and strategic communications teams have been included within the approved fees. By working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administration workstreams has been possible.

Appendix C: Joint Administrators' Remuneration and Expenses

Our expenses estimate has increased compared to our previous report as a direct result of the additional time under which a number of properties were held under the License to Occupy.

- As set out in the table below, the estimated expenses in relation to Aon UK Limited and ERA Solutions Limited have increased compared to our previous estimates for the following reasons:
 - **Aon UK Limited** – The additional insurance premium payable is a consequence of the number of assignments having been completed in the first six months of the Administration being below what was initially expected. Consequently, the continued insurance required at these properties was more than expected.
 - **ERA Solutions** – Additional costs have been incurred with ERA Solutions Limited for their assistance in dealing with the distribution to PL's preferential creditors and the assessment of claims ahead of a distribution.

Estimate of Costs (Excl VAT)							
Payee	Type of Cost	Costs Incurred to Date			Estimates		
		10-Feb-21 To 9-Aug-21 (£)	10-Aug-21 To 9-Feb-22 (£)	Total 10-Feb-21 To 9-Feb-22 (£)	Estimated Future (£)	Estimated Total (£)	Previous report estimated total (£)
Aon UK Limited	Bonding	510	-	510	-	510	510
EPE Reynell	Gazetting	184	-	184	-	184	184
ERA Solutions	Employee Claims	8,810	3,260	12,070	5,000	17,070	8,810
Addleshaw Goddard LLP	Legal Support	141,418	104,145	245,562	45,438	291,000	291,000
Aon UK Ltd	Insurance	-	19,818	19,818	1,714	21,532	15,221
Walker Morris	Legal Support (Where AG have conflict)	-	-	-	9,000	9,000	9,000
DWD LLP	Business Rates Recovery	-	-	-	15,000	15,000	NA
Total		150,922	127,223	278,145	76,152	354,296	324,725

Notes:

1. DWD cost estimate based on £100k realisations at a fee rate of 15% of realisations as per professional adviser table
2. AON Insurance payments were made in the days between the end date of this report and the publishing of the report

Appendix C: Joint Administrators' Remuneration and Expenses

Analysis of Floating Charge Time Costs in Accordance with SIP9 for the period 10 August 2021 - 9 February 2022										
Category	Sr Managing Dir	Managing Dir	Senior Director	Director	Sr Consultant	Consultant	Associate	Total Cost	Total Time	Average Cost
Administration and Planning										
Strategy and planning	1,850	83	-	9,098	-	-	796	11,826	19	626
Initial actions	-	-	-	-	-	-	-	-	-	-
Appointment and related formalities	648	-	-	3,836	-	-	-	4,484	9	498
Receipts and payments accounts	-	2,138	2,590	-	-	-	3,283	8,010	39	207
Checklist / Reviews / Filing	-	58	-	-	-	-	703	761	4	181
Cashiering and reconciliations	-	394	-	-	-	-	11,408	11,802	70	169
Bonding and IPS maintenance	-	-	-	-	-	-	576	576	4	165
Case Admin	-	-	-	-	-	-	137	137	1	152
Subtotal	2,498	2,672	2,590	12,934	-	-	16,902	37,595	145	259
Realisation of assets										
Cash and investments	-	-	-	-	-	-	-	-	-	-
Other assets	13,047	-	-	-	-	-	141	13,188	14	922
Subtotal	13,047	-	-	-	-	-	141	13,188	14	922
Creditors (correspondence and claims)										
Unsecured creditors	-	330	-	-	-	-	27,799	28,129	112	251
Employees	-	239	-	-	-	-	3,896	4,134	7	626
Lease creditors	-	-	-	-	-	-	940	940	4	235
Subtotal	-	569	-	-	-	-	32,635	33,203	123	270
Tax										
Pre-appointment CT	1,695	-	-	-	-	-	-	1,695	3	606
Post appointment CT	1,512	-	-	-	-	-	154	1,666	3	490
Post appointment VAT	-	213	-	2,283	-	-	1,343	3,839	14	276
Tax advice on transactions	-	-	-	-	-	-	-	-	-	-
Other post appointment tax	-	-	-	-	-	-	1,243	1,243	8	155
Subtotal	3,207	213	-	2,283	-	-	2,740	8,443	28	300
Reporting										
SIP16	-	-	-	-	-	-	-	-	-	-
Proposals	-	-	-	-	-	-	-	-	-	-
Other statutory reports/meetings	2,266	2,634	-	7,567	-	-	5,481	17,949	61	296
Subtotal	2,266	2,634	-	7,567	-	-	5,481	17,949	61	296
Total by Grade	21,018	6,088	2,590	22,783	-	-	57,898	110,377	371	298
Total Time by Grade	25	11	5	43	-	-	280			
Average hourly cost by Grade	827	580	518	531	N/A	N/A	207			

Summary:

- The table provides details of our **time incurred in the Period** that will be drawn on a time cost basis from floating charge realisations.
- **Total cost:** £110,377
- **Total time:** 371 hours
- **Average cost:** £298 per hour

Appendix C: Joint Administrators' Remuneration and Expenses

Analysis of Floating Charge Time Costs in Accordance with SIP9 for the period 10 February 2021 - 9 February 2022										
Category	Sr Managing Dir	Managing Dir	Senior Director	Director	Sr Consultant	Consultant	Associate	Total WIP	Total Time	Average Cost
Administration and Planning										
Strategy and planning	10,638	2,067	5,420	9,100	-	-	2,859	30,083	50	603
Initial actions	-	-	-	-	-	-	376	376	2	
Appointment and related formalities	648	1,193	-	3,836	7,459	-	5,722	18,857	48	393
Receipts and payments accounts	-	2,655	2,590	-	-	-	3,553	8,797	41	216
Checklist / Reviews / Filing	-	58	-	660	-	-	1,737	2,455	9	267
Cashiering and reconciliations	-	3,176	-	-	-	-	26,849	30,025	138	218
Bonding and IPS maintenance	-	-	-	-	-	-	940	940	6	171
Case Admin	-	-	2,960	-	-	-	5,590	8,550	27	318
Subtotal	11,286	9,148	10,970	13,596	7,459	-	47,626	100,083	320	313
Investigations										
Directors questionnaire/checklists	-	-	-	5,610	-	-	2,146	7,756	17	456
Statement of affairs	-	-	-	-	3,305	-	494	3,799	8	475
Reports of Directors' conduct	-	875	-	660	-	-	-	1,535	2	767
Subtotal	-	875	-	6,270	3,305	-	2,640	13,090	27	485
Realisation of assets										
Cash and investments	-	-	-	-	1,170	-	-	1,170	2	585
Other assets	28,772	-	4,440	1,320	3,218	-	141	37,891	45	846
Subtotal	28,772	-	4,440	1,320	4,388	-	141	39,061	47	835
Creditors (correspondence and claims)										
Unsecured creditors	-	330	-	-	4,973	-	87,096	92,398	370	250
Employees	-	398	-	10,560	-	-	7,492	18,449	39	478
Lease creditors	-	2,067	1,480	-	-	-	2,491	6,038	15	403
Subtotal	-	2,795	1,480	10,560	4,973	-	97,078	116,885	424	276
Tax										
Pre-appointment CT	2,041	146	-	-	-	-	-	2,187	4	547
Post appointment CT	1,512	183	-	-	-	-	154	1,849	4	506
Post appointment VAT	-	943	-	3,499	-	-	1,367	5,808	17	344
Tax advice on transactions	-	-	-	1,485	-	-	-	1,485	2	743
Other post appointment tax	-	1,460	-	-	-	-	6,591	8,051	34	237
Subtotal	3,553	2,731	-	4,984	-	-	8,112	19,380	61	320
Reporting										
SIP16	2,775	2,768	-	4,422	-	-	-	9,965	13	767
Proposals	-	4,650	-	5,280	10,325	-	1,774	22,030	39	565
Other statutory reports/meetings	21,691	4,344	-	8,887	-	-	5,834	40,755	88	465
Subtotal	24,466	11,761	-	18,589	10,325	-	7,608	72,749	140	521
Total by Grade	64,524	24,578	16,890	50,335	30,449	-	155,093	361,248	1,018	355
Total Time by Grade	62	34	5	76	40	-	301			
Average hourly cost by Grade	1,034	727	3,378	660	756	N/A	516			

Summary:

- The table provides details of our **time incurred from the date of our appointment** that will be drawn on a time cost basis from floating charge realisations.
- **Total cost:** £361,248
- **Total time:** 1,018 hours
- **Average cost:** £355 per hour

APPENDICES

Appendix D: An Introduction to Insolvency

If you are unfamiliar with an insolvency process, please read this page which describes the typical work and role of an insolvency practitioner. This is only a general overview and does not necessarily reflect our work in this case.

What is an insolvency process?

There are several types of insolvency process, but all are intended to achieve the same basic objective: to realise assets that the company owns and repay (to the extent possible) what it owes to creditors.

The type of process depends on the circumstances and the amount distributable to creditors (in accordance with statutory priorities) depends on the value of assets, the costs of the process and level of claims received.

What is an insolvency practitioner?

Commonly referred to as an 'IP', an insolvency practitioner is an experienced and qualified individual who is licensed and authorised to act in relation to an insolvent company, partnership or person.

IPs typically use the staff and resources of their own firm to complete the work, supported by third party professionals and other specialists as required.

IPs are routinely monitored by their professional body to ensure continued adherence to standards.

Realising the Assets

The IP evaluates possible options and pursues the best route for maximising value for creditors. Options could include an immediate sale of the business, a period of ongoing trading (prior to a sale) or a closure/wind-down of operations.

The costs of realising the assets can vary significantly, so an IP is looking to maximise the net value (after costs). Securing the ongoing employment of the workforce can materially reduce claims against the company.

Work done on realising the assets has a direct financial benefit for creditors.

Managing the Company's Affairs

Until such time as the company is dissolved, it must continue to fulfil many of its usual obligations, such as submitting VAT/tax returns and keeping adequate accounting records.

Whilst appointed to manage the affairs of the company, the IP is responsible for ensuring these obligations are met. Support from VAT/tax specialists in insolvency situations helps to ensure accuracy and minimise liabilities.

Other work might include complying with any licensing or regulatory requirements.

Dealing With Creditors

It can take several months, often longer, but if and when funds become available, the IP will distribute these to creditors once their claims have been received and agreed.

As secured creditors usually have priority rights over the assets, the amount left over for other non-preferential unsecured creditors can often be very small.

IPs keep creditors updated on their work, either through periodic reports or responding to their queries and correspondence.

Fulfilling our Statutory Duties

The impact of an insolvency can be wide ranging, so IPs are required to issue notices and periodic reports to notify those affected parties and keep them updated.

The company's affairs and the conduct of its directors must also be investigated to see whether any asset recovery (or other actions) need to be taken.

Whilst this work does not have any direct financial benefit for creditors, the purpose of insolvency law is to protect the interests of creditors.

Regular internal case reviews ensure the process progresses cost effectively and on a timely basis.

APPENDICES

Appendix E: Legal Notices

We have set out below some important notices regarding this report and the appointment of administrators.

Opting Out of Correspondence

Creditors have the right to elect to opt out of receiving further communication about the insolvency procedure.

Any creditor may elect to become an opted-out creditor at any time, by delivering a dated notice of the request, in writing to me. An opted-out creditor remains as such for the duration of the proceedings unless the opt out is revoked by a further notice in writing, dated and delivered to us.

A creditor becomes (or ceases to be) an opted-out creditor when the notice is delivered to us.

The opt out will not apply to the following:

- a notice which the Insolvency Act 1986 requires to be delivered to all creditors without expressly excluding opted-out creditors;
- a notice of a change in the officeholder or a notice of a change in our contact details, or
- a notice of a dividend or proposed dividend or a notice which the court orders to be sent to all creditors or all creditors of a particular category to which the creditor belongs.

Opting-out will not affect a creditor's entitlement to receive dividends should any be paid to creditors or a creditors' rights to vote in a decision procedure or to participate in a deemed consent procedure, although any creditor who opts-out will not receive notice of it.

Any creditor who opts out will be treated as having opted out in respect of consecutive insolvency proceedings of a different kind in respect of the same company.

Creditors Right to Request Information

Any secured creditor or unsecured creditor with the support of at least 5% in value of the unsecured creditors, or with the leave of the Court, may, in writing, request the Joint Administrators of the Company to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 IR16.

About this report

This report has been prepared by the Joint Administrators solely to comply with their statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the administration.

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 person that chooses to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 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.

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

Creditors' Right to Challenge Remuneration and/or Expenses

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors, or with the leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 18.36 or 18.37 IR16), challenging the amount or the basis of the remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such application must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 IR16.

Data Protection

FTI Consulting LLP ("FTI") uses personal information in order to fulfil the legal obligations of its insolvency practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how FTI uses your personal information on our website at <https://www.fticonsulting-emea.com/~media/Files/emea-files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>



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