

TO ALL KNOWN CREDITORS

26 March 2021

Ref: R/AW/AD/DT/AR/IRAF/D11.1

Email: irafdramon@parthenon.ey.com

Dear Sirs

**IRAF UK Dragon Limited Partnership (“the Limited Partnership”)  
IRAF UK Dragon Nominee 1 Limited and IRAF UK Dragon Nominee 2  
Limited (“the Companies”)  
(all in Administration) (all “the Entities”)**

I write further to my appointment as joint administrator of the above-named Entities and attach a copy of my Statement of Proposals in accordance with paragraph 49 of Schedule B1 to the Insolvency Act 1986 and pursuant to the terms of Schedule B1 to the Insolvency Act 1986 (as modified by Schedule 2 to the Insolvent Partnerships Order 1994).

As you will note from the proposals, there is no prospect of any funds becoming available to unsecured creditors other than by virtue of the prescribed part. As a consequence, I do not propose to seek a decision on approval of the proposals from creditors.

Creditors whose debts amount to at least 10% of total debts of each respective company may requisition a decision (either by a decision procedure or deemed consent procedure) on approval of the proposals if they deliver to me, within eight business days of the date of delivery of these proposals, a request which fulfils the requirements of Rule 15.18 of the Insolvency (England and Wales) Rules 2016 (the Rules). In accordance with Rule 15.19 of the Rules, I may require a deposit as security for payment of the expenses associated with convening a decision procedure or deemed consent procedure and will not be obliged to initiate the procedure until I have received the required sum.

In the event that a decision is not requested by creditors under paragraph 52(2)(c) of the Insolvency Act 1986, the proposals will be deemed to be accepted. The Joint Administrators’ remuneration, Category 2 disbursements and unpaid pre-administration costs incurred with a view to the Entities entering Administration will be agreed with the secured creditor and the preferential creditors in accordance with the provisions of Rule 18.18 and Rule 3.52 of the Insolvency (England and Wales) Rules 2016.

As the Joint Administrators propose to ask for their remuneration to be fixed on a time-cost basis, they are required to provide creditors with an estimate of the remuneration to be charged and details of expenses incurred and likely to be incurred. The information is attached as Appendix A to this letter.

If there are any matters concerning the Entities’ affairs which you consider may require investigation and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

Should you have any queries relating to this letter or any other aspect of the administrations, please do not hesitate to contact Aine Reavey at [irafrdragon@parthenon.ey.com](mailto:irafrdragon@parthenon.ey.com).

Yours faithfully  
for the Entities



A P Williams  
Joint Administrator

Encs: Administrators' statement of proposals  
Fee estimate and details of expenses

A P Williams and A S Dolliver are licensed in the United Kingdom to act as insolvency practitioners by The Insolvency Practitioners Association.

As licensed insolvency practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administrations.

The affairs, business and property of the Entities are being managed by the Joint Administrators, A P Williams and A S Dolliver, who act as agents of the Entities only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Entities may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at [www.ey.com/uk/officeholderprivacy](http://www.ey.com/uk/officeholderprivacy).

**IRAF UK Dragon Limited Partnership  
IRAF UK Dragon Nominee 1 Limited  
IRAF UK Dragon Nominee 2 Limited  
(all in Administration)**

Joint Administrators' Statement of Proposals

Pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and pursuant to Schedule B1 to the Insolvency Act 1986 (as modified by Schedule 2 to the Insolvent Partnerships Order 1994).

Date of delivery of proposals to creditors 26 March 2021

## Abbreviations

The following abbreviations are used in this report:

|                              |  |
|------------------------------|--|
| <b>Administrators</b>        | Alexander Paul Williams and Andrew Stephen Dolliver  |
| <b>Agents</b>                | Sovereign Centros (“SC”), Munroe K (“MK”), and Other agents (as required)  |
| <b>Companies</b>             | IRAF UK Dragon Nominee 1 Limited and IRAF UK Dragon Nominee 2 Limited (both in Administration)   |
| <b>Date of Appointment</b>   | 1 February 2021  |
| <b>Entities</b>              | IRAF UK Dragon Limited Partnership, IRAF UK Dragon Nominee 1 Limited and IRAF UK Dragon Nominee 2 Limited (all in Administration)  |
| <b>EY</b>                    | Ernst & Young LLP  |
| <b>Fee Estimate</b>          | An estimate of the Administrators’ remuneration for the entirety of the respective administrations dated   |
| <b>FYXX</b>                  | Financial Year ending December XX  |
| <b>Funding Agreement</b>     | A funding agreement entered into by the Joint Administrators with the Secured Creditor on 1 February 2021.   |
| <b>InfraRed</b>              | Infrared Capital Partners Limited  |
| <b>Limited Partnership</b>   | IRAF UK Dragon Limited Partnership (in Administration)   |
| <b>Nominee 1</b>             | IRAF UK Dragon Nominee 1 Limited (in Administration)   |
| <b>Nominee 2</b>             | IRAF UK Dragon Nominee 2 Limited (in Administration)   |
| <b>Secured Creditor</b>      | Wells Fargo Bank, N.A. London Branch with branch registration number (BR009065)  |
| <b>Solicitors</b>            | Bryan Cave Leighton Paisner LLP (“BCLP”) Stephenson Harwood (“SH”)   |
| <b>Statement of Expenses</b> | An estimate of the expenses the Administrators’ expect to incur over the entirety of the respective administrations dated 19 March 2021  |
| <b>the Act</b>               | Insolvency Act 1986  |
| <b>the Partnership Order</b> | Insolvent Partnership Order 1994   |
| <b>the Property</b>          | St Georges Shopping Centre, Preston  |
| <b>the Proposals</b>         | Administrators’ Statement of Proposals (“the Proposals”) to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016 and pursuant to the terms of Schedule B1 to the Insolvency Act 1986 (as modified by Schedule 2 to the Insolvent Partnerships Order 1994) |
| <b>the Rules</b>             | Insolvency (England and Wales) Rules 2016  |

## Contents

|  |    |
|--|----|
| 1. Introduction, background and circumstances giving rise to the appointment .....                                     | 1  |
| 2. Purpose, conduct and end of administration .....  | 3  |
| 3. Statement of Affairs .....  | 8  |
| 4. Prescribed part .....   | 10 |
| 5. Administrators' remuneration and expenses .....   | 11 |
| 6. Pre administration costs .....  | 13 |
| Appendix A Statutory information .....   | 15 |
| Appendix B Directors' Statement of Affairs .....   | 21 |
| Appendix C Administrators' receipts and payments account for the period from<br>1 February 2021 to 19 March 2021 ..... | 37 |
| Appendix D Statement of pre-administration costs .....   | 40 |

# 1. Introduction, background and circumstances giving rise to the appointment

## 1.1 Introduction

On 1 February 2021 the Entities entered administration and A P Williams and A S Dolliver were appointed to act as joint administrators. This document, including its appendices, constitutes the Administrators' Statement of Proposals ("the Proposals") to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016 and pursuant to the terms of Schedule B1 to the Insolvency Act 1986 (as modified by Schedule 2 to the Insolvent Partnerships Order 1994).

Certain statutory information relating to the Entities and the appointment of the Administrators is provided at Appendix A.

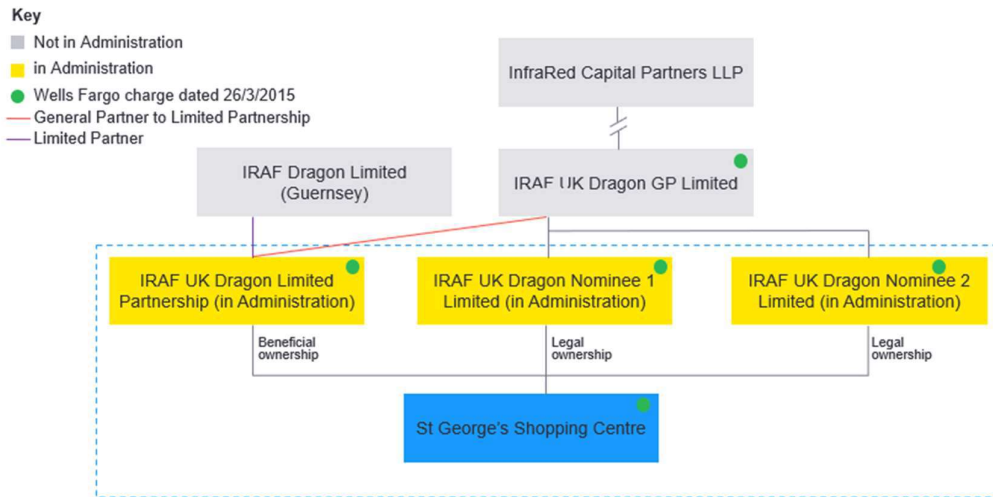
## 1.2 Background

The Entities own St George's Shopping Centre in Preston ("the Property"). The Property consists of 85 retail units and a 410 space car park.

The Entities are ultimately owned by InfraRed which purchased the Property in 2015 as part of a transaction partly funded by the Secured Creditor.

As part of this transaction, legal ownership to the Property was acquired by Nominee 1 and Nominee 2 with beneficial ownership vesting with the Limited Partnership.

A summarised structure chart is provided below for reference:



For avoidance of doubt, IRAF UK Dragon GP Limited, IRAF Dragon Limited (Guernsey) and InfraRed Capital Partners are not in administration and therefore remain under the control of their current directors.

Recent financial results of the Limited Partnership are summarised below. Nominee 1 and Nominee 2 are non-trading entities and therefore do not have recent financial results.

| Period year or period ended | Type (audited / management) | Turnover (£000) | Directors' remuneration (£000) | Loss for the year (£000) | Net assets (£000) |
|-----------------------------|-----------------------------|-----------------|--------------------------------|--------------------------|-------------------|
| FY20                        | Management <sup>1</sup>     | 3,375           | -                              | (18,943)                 | (8,940)           |
| FY19                        | Audited                     | 4,954           | -                              | (10,548)                 | 9,628             |
| FY18                        | Audited                     | 5,129           | -                              | (16,940)                 | 16,946            |
| FY17                        | Audited                     | 5,473           | -                              | (2,251)                  | 26,979            |
| FY16                        | Audited                     | 6,135           | -                              | (5,288)                  | 30,562            |

<sup>1</sup>: Based on Q4 2020 management accounts..

### 1.3 Circumstances giving rise to the Appointment of the Administrators

Following its acquisition, InfraRed sought to develop the Property, undertaking amalgamations and development work to entice new and maintain existing tenants.

Despite these efforts, in FY19 turnover decreased compared to levels achieved in FY18.

Significant charges were also applied to the Limited Partnership's profit and loss account during both FY18 (c.£19.1m) and FY19 (c.£4.7m) to reflect a reduction in the fair value of the Property, as determined by the Limited Partnership's external valuers.

This resulted in significant net losses being incurred in both these years (FY18: c.£16.9m and FY19: c.£10.5m).

The facility provided by the Secured Creditor expired in March 2020. In light of the significant reduction in value of the Property in the preceding years it was not possible to refinance or agree acceptable terms to renew the facility prior to its expiration.

Operational performance was further impacted following the onset of COVID-19, which has resulted in an increased level of vacancies, accumulation of tenant arrears, and delays to previously anticipated development projects.

In the subsequent months it became clear that given the challenging ongoing market conditions and the continued impact of COVID-19, the insolvency of the Entities was unavoidable. As such, on 1 February 2021 the Entities entered administration and A P Williams and A S Dolliver of EY were appointed to act as joint administrators.

The appointment to the Companies was made by the qualifying floating charge holder under the provisions of paragraph 14 of Schedule B1 to the Act. The appointment to the Limited Partnership was made by the members of the Limited Partnership pursuant to the terms of paragraph 22 of Schedule B1 to the Act (as modified by paragraph 9 of Schedule 2 to the Partnerships Order).

#### Pre administration costs

Pre administration costs have been incurred by the Administrators prior to the Entities entering administration. The Administrators are seeking approval for payment of unpaid pre administration costs totalling c.£61k plus VAT across the Entities as an expense of the administrations.

Please refer to Section 6 for further details

## 2. Purpose, conduct and end of administrations

### 2.1 Purpose of the administration

The purpose of an administration is to achieve one of three objectives:

- a. To rescue the company as a going concern;
- b. To achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration);
- c. To realise property in order to make a distribution to one or more secured or preferential creditors.

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for the company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the company as a whole.

Given the recent losses incurred by the Entities and their negative net asset position, the Administrators do not believe objective (a) is achievable.

Consequently, objective (b) will be pursued, with a strategy of continuing to trade the Property in administration for a period of time, and a sale process then being undertaken in due course (exact timing remains to be determined) to realise value in the Property. If objective (b) is not achieved then objective (c) will be followed.

### 2.2 Conduct of the administrations

#### 2.2.1 Administrations strategy and trading

As detailed above, the Administrators are continuing to trade the Property in administration, in line with COVID-19 guidelines.

Immediately following their appointment, the Administrators engaged the Property's incumbent asset managers (SC) and managing agents (MK) to assist them to continue to trade the Property on a *'business as usual'* basis.

Key workstreams for SC remain:

- ▶ continued engagement with tenants to agree acceptable resolutions to current arrears positions (discussed further below), and where appropriate agree amendments and/or extensions to current tenants' leases;
- ▶ the active pursuit of new tenants for vacant units;
- ▶ consideration of potential development opportunities which could enhance the value of the Property;
- ▶ the oversight and management of approved capital expenditure and/or projects;
- ▶ management of MK as managing agents; and
- ▶ assistance with a sale process for the Property in due course.

MK retain responsibility for the day-to-day running and management of the Property, day-to-day rental and service charge collections, and compliance with ongoing health & safety, fire, environmental, insurance, building and other statutory regulations and/or obligations.



It is the Administrators' intention to commence a sale process for the Property at some point in the future, however, an exact date for commencement of this process has not yet been determined.

### **2.2.2 Administrations funding**

In addition to securing the services of appropriate agents, immediately following their appointment, the Administrators entered into a Funding Agreement with the Secured Creditor, which in summary ensured appropriate ongoing funding in consideration of the Administrators estimate of liabilities in the administrations.

Any funding which is not utilised for the purposes of the administrations will be repaid to the Secured Creditor when the administrations conclude.

### **2.2.3 St George's Shopping Centre**

Located in Preston city centre, St George's Shopping Centre is the Entities' principal asset.

Due to the national lockdown imposed by the UK Government, at the Date of Appointment the majority of the Property's tenants were not able to trade, with only a limited number of essential retailers open.

The Government's 'stay at home' message has therefore resulted in a significant reduction in footfall at the Property and consequently on 15 February 2021 the decision was taken to temporarily close the Property's car park, thereby mitigating ongoing running costs for this section of the Property. The car park is likely to remain closed until non-essential retailers open (anticipated from 12 April 2021) and footfall returns to levels which can justify its re-opening.

### **2.2.4 Amounts due from tenants**

At the Date of Appointment, a total of c.£1.6m plus VAT was due from tenants.

This level of arrears is much higher than historical averages as a result of the ongoing impact of COVID-19 and ongoing restrictions regarding landlord's ability to use forfeiture and other legal routes to pursue tenants for unpaid balances.

The Administrators have retained SC to assist with the collection of these balances, which was part of its role prior to the Administrators' appointment.

To date an amount of c.£0.1m plus VAT of rent (both in relation to amounts due at appointment and amounts falling due post appointment) has been collected from tenants, with discussions in relation to remaining outstanding balances ongoing.

Monies are received from tenants directly into bank accounts held by MK, with these monies being held on trust for the Entities. Periodically these amounts will be swept into an administrations bank account. As at the date of these Proposals no amounts have been swept, and therefore there are no amounts relating to tenant income detailed in the receipts and payments accounts at Appendix C.

### **2.2.5 Cash at appointment**

As at the Date of Appointment the Limited Partnership held c.£5.7m of cash (excluding £1.9m held in escrow – discussed further below).

All but c.£32k of this balance was held in "blocked" accounts charged to and controlled by the Secured Creditor under the terms of its fixed charge security. At the time of writing, these monies remain in blocked accounts subject to this fixed charge security.

The Directors Statement of Affairs stated that c.£32k of cash was held in an "unblocked" floating charge bank account at the Date of Appointment. However, this did not take into

account a payment in transit of £20k. As such, after accounting for this payment in transit, cash held in unblocked accounts at the Date of Appointment totalled c.£12k. This balance is in the process of being swept to the Limited Partnership's floating charge administration bank account.

We understand neither Nominee 1 nor Nominee 2 have bank accounts and as such there was no cash held in these Companies at the Date of Appointment.

### **2.2.6 Prepayments**

The Directors' Statement of Affairs indicated that the Limited Partnership had c.£22k of prepayments on its balance sheet at the Date of Appointment. This balance comprises c.£21k in relation to business rates, and a prepaid balance of c.£1k to a supplier.

The Administrators will seek to realise value in these balances where possible. Our work in this regard is ongoing and as such it is too early to provide an accurate estimate of overall realisations from this source.

### **2.2.7 Other assets**

The Directors' Statement of Affairs indicated a further c.£47k of other assets on the Limited Partnership's balance sheet, comprising c.£25k of debit balances on its creditor ledger, c.£14k of other debtors, c.£4k receivable for dilapidations and c.£4k of tenant recharges.

The Administrators will seek to realise value in these balances where possible, however, it is too early to provide an accurate estimate of likely realisations, if any, from this source.

### **2.2.8 Escrow monies**

A balance of £1.9m is currently held in an escrow account with Citibank.

This amount is held subject to the terms of an escrow agreement entered into as part of a lease entered into with a potential new tenant prior to the Date of Appointment.

The Administrators continue to investigate any potential realisations relating to this balance, however it is too early to provide an accurate estimate of likely realisations, if any, from this source.

### **2.2.9 Service charge monies**

At the Date of Appointment, a total of c.£0.4m was held in a service charge account operated by MK.

MK will continue to operate this account during the period of trading in administration, including day-to-day collection of service charge monies from tenants, and discharging necessary service charge liabilities.

## **2.3 Administrators' receipts and payments**

A summary of the Administrators' receipts and payments for the period from 1 February 2021 to 19 March 2021 is attached at Appendix C.

## **2.4 Approval of the Administrators' Proposals**

The Administrators are of the opinion that the Entities have insufficient property to enable a distribution to be made to unsecured creditors of the Entities other than by virtue of the prescribed part and consequently, in accordance with the provisions of paragraph 52(1)(b) of Schedule B1 to the Act, they do not intend to seek decisions of the creditors on the approval of the Proposals.

The Administrators will be obliged to seek a decision of the creditors if requested to do so by creditors of the Entities whose debts amount to at least 10% of the total debts of the respective Entity. The request must be delivered within eight business days of the date on which these proposals are delivered to creditors (or such longer period as the court may allow) and must include the information required by Rule 15.18 of the Insolvency (England and Wales) Rules 2016.

In accordance with Rule 15.19 of the Rules, the Administrators may require a deposit as security for payment of the expenses associated with convening a decision procedure or deemed consent procedure and will not be obliged to initiate the procedure until they have received the required sum.

## 2.5 Future conduct of the administrations

The Administrators will continue to deal with the administrations in line with their stated objective, namely to achieve a better result for the Entities' creditors as a whole than would be likely if the Entities were wound up (without first being in administration).

Future tasks will include, but may not necessarily be limited to:

- ▶ Continuing to trade the Property in administration with assistance from our appointed Agents.
- ▶ In conjunction with the Agents, take steps to collect amounts owed to the Entities by tenants at the Date of Appointment, and amounts which will subsequently fall due under their leases during the period of the administrations.
- ▶ In conjunction with the Secured Creditor and/or SC, ongoing consideration will be given to potential new tenants to occupy vacant units, and potential capital and/or development opportunities to enhance value in the Property.
- ▶ Commencing a sale process for the Property in due course with a view to selling the Property and its business to a third party purchaser.
- ▶ Realising, where possible value in monies held in escrow, prepayments and other sundry assets.
- ▶ Discharging administration expenses (trading and non-trading related).
- ▶ Dealing with the statutory requirements of the administrations, including reporting to creditors and undertaking statutory investigations into the conduct of the Entities' directors or partners prior to Date of Appointment.
- ▶ Calculating the corporation tax and VAT positions of the Companies as at the Date of Appointment, and for subsequent periods during the administrations.
- ▶ Making distributions to the secured and preferential creditors (as applicable).
- ▶ Making distributions to the unsecured creditors under the prescribed part (as applicable).
- ▶ If deemed appropriate, seek an extension and/or further extensions to the administrations from the Entities' creditors and/or the Court (as applicable).
- ▶ Dealing with unsecured creditor enquiries.
- ▶ Finalising the administrations, including payment of all respective administration liabilities.
- ▶ Any other actions required to be undertaken by the Administrators in order to fulfil the purposes of the administrations.

## **2.6 The end of the administrations**

It is proposed that if, at the end of the administrations any of the Entities have no property which might permit a distribution to its creditors (other than sums due under the prescribed part (if any), the Administrators will send a notice to that effect to the registrar of companies. On registration of the notice the Administrators' appointment in respect of the Entity / Entities concerned, will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Act in the case of the Companies and paragraph 86(5) of Schedule B1 to the Act (as modified by the Partnerships Order) in the case of the Partnership), the appropriate Entity or Entities will be deemed to be dissolved three months after the registration of the notice.

## 3. Statement of Affairs

### 3.1 Overview

The Directors of each of the Entities, as detailed at Appendix A to these Proposals, have submitted their Statement of Affairs as at 1 February 2021. A summary is attached at Appendix B to these Proposals, including a full list of creditors.

The figures have been compiled by the Entities' Directors and have not been subject to independent review or statutory audit.

We would comment that a number of the asset values have yet to be determined and may be lower than indicated. Similarly, a number of creditor claims have yet to be quantified and may be higher than indicated. It should also be noted that the Statement of Affairs are stated before applicable costs of realisation.

We provide below, for information, an indication of the current position with regard to creditors' claims.

### 3.2 Secured Creditor

The Secured Creditor is the Entities' only known secured creditor and holds fixed and floating charge security over the Entities' assets.

Based on the Directors' Statement of Affairs, as at the Date of Appointment the Entities owed the Secured Creditor c.£40.3m.

The Secured Creditor's recovery in this matter will be primarily dependent on the outcome of any sale process for the Property which, as stated previously, will be undertaken in due course. It is therefore too early to estimate the overall level of recovery which the Secured Creditor will receive against its pre appointment indebtedness.

### 3.3 Preferential creditors

#### *Limited Partnership*

Based on the Directors' Statement of Affairs, the Limited Partnership is estimated to have preferential claims totalling c.£252k, all of which comprise amounts owed to HM Revenue and Customs in relation to VAT. We understand the Limited Partnership has no employees and there should therefore be no preferential claims attributable to arrears of employee wages, holiday pay or pension contributions.

As stated above, it is too early to accurately estimate the return to preferential creditors in this matter, however, given the majority by value of the Entities' assets comprise assets subject to the Secured Creditor's fixed charge security, we consider it likely that preferential creditors will ultimately suffer a shortfall against their pre-appointment indebtedness.

#### *The Companies*

We are not aware of any preferential creditors in either of the Companies.

### 3.4 Non-preferential creditors

The Administrators continue to receive claims from non-preferential creditors of the Entities.

#### *Limited Partnership*

The Directors' Statement of Affairs estimated non-preferential claims owed by the Limited Partnership to be in the region of c.£48.0m, of which c.£47.6m is attributable to InfraRed

loans. However, as stated previously a number of creditor claims have yet to be quantified and as such the final total of non-preferential creditor claims may vary from the figures included in the Statement of Affairs.

*The Companies*

The Directors Statement of Affairs for the Companies indicated there were no unsecured creditors in either of these Companies.

We do not believe there is a prospect of a dividend to unsecured creditors of either the Limited Partnership or the Companies.

## 4. Prescribed part

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003.

The Secured Creditor's floating charges were created after 15 September 2003. Consequently, section 176A of the Insolvency Act 1986 does apply to the administrations.

Based on the Directors' Statement of Affairs, and after applying an estimate of administration costs, the Administrators currently estimate, to the best of their knowledge and belief, the Net Property and Prescribed Part to be as follows (stated before the costs of dealing with the Prescribed Part):

| <b>Company</b>      | <b>Estimated Net Property<br/>(£000)</b> | <b>Estimated Prescribed<br/>Part (£000)</b> |
|---------------------|--|---|
| Limited Partnership | £nil                                     | £nil  |
| Nominee 1           | £nil                                     | £nil  |
| Nominee 2           | £nil                                     | £nil  |

At this time and based on present information, the Administrators do not intend to make an application to the court under section 176A(5) of the Act for an order not to distribute any prescribed part which does subsequently become available in any of the Entities.

## **5. Administrators' remuneration and expenses**

### **5.1 Remuneration**

The statutory provisions relating to remuneration are set out in Chapter 4, Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to the Administrators.

In the event that a creditors' decision is not requested and a creditors' committee is not formed, the Administrators will seek to have their remuneration fixed by the Secured Creditor and, if the Administrators have made or intend to make a distribution to preferential creditors, the preferential creditors in accordance with Rule 18.18(4) of the Rules.

The Administrators will ask for their remuneration in respect of each of the Entities to be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the administrations, in accordance with the Fee Estimate dated 19 March 2021 ('the Fee Estimate') which is being circulated to creditors at the same time as the Proposals.

The main areas of focus for the administrations will be those areas set out at Section 2.5 Future conduct of the administrations.

### **5.2 Disbursements**

Disbursements are expenses met by and reimbursed to the Administrators. The Fee Estimate and Statement of Expenses dated 19 March 2021 includes details of the disbursements which are expected to be incurred during the administrations.

#### **5.2.1 Category 1 expenses**

Category 1 expenses are payments to independent third parties where there is expenditure directly referable to the administrations.

Category 1 expenses can be drawn without prior approval.

#### **5.2.2 Category 2 expenses**

Category 2 expenses are expenses which are payments to associates or which have an element of shared costs.

Category 2 expenses require approval in the same manner as remuneration. In the event that a creditors' decision is not requested, and a creditors' committee is not formed, the Administrators will seek the approval of the Secured Creditor and (if applicable) preferential creditors to charge Category 2 expenses in accordance with the Statement of Expenses included in the Fee Estimate dated 19 March 2021.



## **5.3 Payments to other professionals**

The Administrators have engaged the following advisors in the administrations.

### **5.3.1 Stephenson Harwood (“SH”)**

Instructed to provide legal services on a time-cost basis. No fees have been paid for costs incurred in the administrations to date.

As noted earlier and discussed further at Section 6, SH have c.£45k plus VAT of unpaid pre administration costs which the Administrators are seeking approval to pay as an expense of the administrations.

### **5.3.2 Sovereign Centros (“SC”)**

As noted in previous sections, SC is engaged as asset manager of the Property.

The remuneration is currently based on the lower of a fixed annual base fee or a percentage of net rental income, plus a further fixed annual fee, and remains in line with the structure in place prior to the Administrators' appointment.

The Administrators are in the process of discussing an updated arrangement with SC to better reflect that the Entities are now in administration. Discussions in this regard are ongoing.

A payment of £20k was in transit to SC at the Date of Appointment. No fees have been paid for services provided in the administrations to date.

### **5.3.3 Munroe K (“MK”)**

As noted in previous sections, MK is engaged as managing agent to the Property.

MK's remuneration is based on a fixed quarterly fee and remains in line with the structure in place prior to the Administrators' appointments.

No fees have yet been paid for services provided in the administrations to date.

### **5.3.4 All other agents (as required)**

A number of other professionals and/or service agents have been instructed to carry out necessary duties to ensure the Property can continue to trade and operate on a 'business as usual basis'. These agents include: CMS LLP, Maddox Planning Consultants, Metis Real Estate Advisors, Barker Proudlove Limited, Peak Project Management, Projects, CDA Architects, James Harrocks, Firecrest, G4S and Shoppertainment Management Ltd. These agents have been instructed on a fixed fee, time-cost, or commission basis (where applicable).

No fees have been paid to date for services provided in the administrations.

## 6. Pre administration costs

The Administrators are seeking approval for payment of unpaid pre administration costs totalling c.£61k plus VAT, across the Entities.

The payment of unpaid pre administration costs as an expense of the respective administrations is subject to approval under Rule 3.52, and not part of the proposals subject to approval under paragraph 53. This means that they must be approved separately from the proposals.

A breakdown of the total pre administration costs incurred, and amounts paid pre administration (if any) is attached at Appendix D.

The breakdown attached at Appendix D sets out the following where applicable:

- ▶ The fees charged by the Administrator;
- ▶ The expenses incurred by the Administrator;
- ▶ The fees charged (to the Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and if more than one, by each separately); and
- ▶ The expenses incurred (to the Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and if more than one, by each separately).

In the event that a creditors' meeting is not requisitioned, and a creditors' committee is not formed, the Administrators will seek to have the unpaid pre administration costs approved by the Secured Creditor and, if the Administrators made or intend to make a distribution to preferential creditors, the preferential creditors.

Further information regarding the amounts the Administrators are seeking approval for is provided below.

### 6.1 Joint Administrators' fees

Work commenced on 16 December 2020 and was carried out under an engagement agreement between EY and the Secured Creditor.

The nature of the pre administration work conducted can be summarised as follows:

- ▶ Detailed contingency planning and preparation for the insolvency of the Entities.
- ▶ Negotiating and finalising the Funding Agreement for the administrations.

This work was performed to ensure the Administrators were best prepared in the eventuality of the Entities entering into an insolvency process which included planning to ensure that the Property could continue to trade on a "business-as-usual" basis following an appointment.

Unpaid pre administration costs total c.£12k plus VAT across the Entities.

### 6.2 Third party expenses

In addition to the above, SH provided legal advice to the Administrators in connection with their appointments. SH's unpaid pre administration costs total c.£45k plus VAT across the Entities.

The nature of the pre administration work conducted can be summarised as follows:

- ▶ Legal services rendered in connection with placing the Entities in administration; and

► Legal advice regarding the Funding Agreement.

This work was performed to place the Entities in administration and to enable the Administrators to trade the Property following their appointment.

BCLP were engaged by the Administrators to provide legal services in respect of the administration Funding Agreement only. BCLP's unpaid pre administration costs total c.£4k plus VAT across the Entities.

## Appendix A

### Statutory information – IRAF UK Dragon Limited Partnership

#### Company Information

|                            |  |
|----------------------------|--|
| Company Name:              | IRAF UK Dragon Limited Partnership   |
| Registered Office Address: | Level 7 One, Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL |
| Registered Number:         | LP016476   |
| Trading Name:              | N/A  |
| Trading Address:           | N/A  |

#### Details of the Administrators and of their appointment

|                      |  |
|----------------------|--|
| Administrators:      | A P Williams and A S Dolliver  |
| Date of Appointment: | 1 February 2021  |
| By Whom Appointed:   | The appointment was made by members of the Limited Partnership pursuant to the terms of paragraph 22 of Schedule B1 to the Act (as modified by paragraph 9 of Schedule 2 to the Partnership Order) |
| Court Reference:     | In the High Court of Justice, Business and Property Courts of England and Wales In London, Insolvency and Companies List (ChD)<br><br>CR-2021-000178   |

The Administrators may exercise any of the powers conferred on them by the Insolvency Act 1986 jointly or individually.

#### Statement concerning the EC Regulation

The administration proceedings are proceedings to which the EU Regulation as it has effect in the law of the United Kingdom does not apply.

#### Partners' capital accounts

|                                | Total Amount |
|--------------------------------|--------------|
|                                | £            |
| IRAF Dragon Limited (Guernsey) | 1            |
| IRAF UK Dragon GP Limited      | 1            |

**Directors and secretary and their shareholdings**

| Name             | Director or Secretary | Date appointed | Date resigned | Current shareholding |
|------------------|-----------------------|----------------|---------------|----------------------|
| Timothy Thorp    | Director              | 27/01/2015     | N/A           | NIL                  |
| Keith Butcher    | Director              | 27/01/2015     | N/A           | NIL                  |
| David Hudson     | Director              | 21/09/2020     | N/A           | NIL                  |
| Christopher Gill | Director              | 27/01/2015     | N/A           | NIL                  |
| Andreas Katsaros | Director              | 27/01/2015     | N/A           | NIL                  |
| Emily Mendes     | Secretary             | 12/01/2018     | N/A           | NIL                  |

## Appendix A

### Statutory information – IRAF UK Dragon Nominee 1 Limited

#### Company Information

|                            |   |
|----------------------------|---|
| Company Name:              | IRAF UK Dragon Nominee 1 Limited  |
| Registered Office Address: | Ernst & Young LLP, 1 More London Place, London, United Kingdom, SE1 2AF |
| Registered Number:         | 09408691  |
| Trading Name               | N/A   |
| Trading Address:           | N/A   |

#### Details of the Administrators and of their appointment

|                      |  |
|----------------------|--|
| Administrators:      | A P Williams and A S Dolliver  |
| Date of Appointment: | 1 February 2021  |
| By Whom Appointed:   | The appointment was made by Wells Fargo N.A. London Branch, in its capacity as qualifying floating charge holder, under the provisions of paragraph 14 of Schedule B1 to the Act |
| Court Reference:     | In The High Court of Justice, Business and Property Courts of England and Wales In London, Insolvency and Companies List (ChD)<br><br>CR-2021-000176                             |

The Administrators may exercise any of the powers conferred on them by the Insolvency Act 1986 jointly or individually.

#### Statement concerning the EC Regulation

The administration proceedings are proceedings to which the EU Regulation as it has effect in the law of the United Kingdom does not apply.

#### Share capital

| Class    | Authorised |   | Issued and fully paid |   |
|----------|------------|---|-----------------------|---|
|          | Number     | £ | Number                | £ |
| Ordinary | 1          | 1 | 1                     | 1 |

### Directors and secretary and their shareholdings

| Name          | Director or Secretary | Date appointed | Date resigned | Current shareholding |
|---------------|-----------------------|----------------|---------------|----------------------|
| Timothy Thorp | Director              | 27/01/2015     | N/A           | NIL                  |
| Keith Butcher | Director              | 27/01/2015     | N/A           | NIL                  |
| David Hudson  | Director              | 21/09/2020     | N/A           | NIL                  |
| Emily Mendes  | Secretary             | 12/01/2018     | N/A           | NIL                  |

## Appendix A

### Statutory information – IRAF UK Dragon Nominee 2 Limited

#### Company Information

|                            |   |
|----------------------------|---|
| Company Name:              | IRAF UK Dragon Nominee 2 Limited  |
| Registered Office Address: | Ernst & Young LLP, 1 More London Place, London, United Kingdom, SE1 2AF |
| Registered Number:         | 09408934  |
| Trading Name:              | N/A   |
| Trading Address:           | N/A   |

#### Details of the Administrators and of their appointment

|                      |  |
|----------------------|--|
| Administrators:      | A P Williams and A S Dolliver  |
| Date of Appointment: | 1 February 2021  |
| By Whom Appointed:   | The appointment was made by Wells Fargo N.A. London Branch, in its capacity as qualifying floating charge holder, under the provisions of paragraph 14 of Schedule B1 to the Act |
| Court Reference:     | In The High Court of Justice, Business and Property Courts of England and Wales In London, Insolvency and Companies List (ChD)<br><br>CR-2021-000177                             |

The Administrators may exercise any of the powers conferred on them by the Insolvency Act 1986 jointly or individually.

#### Statement concerning the EC Regulation

The administration proceedings are proceedings to which the EU Regulation as it has effect in the law of the United Kingdom does not apply.

#### Share capital

| Class    | Authorised |   | Issued and fully paid |   |
|----------|------------|---|-----------------------|---|
|          | Number     | £ | Number                | £ |
| Ordinary | 1          | 1 | 1                     | 1 |



### Directors and secretary and their shareholdings

| Name          | Director or Secretary | Date appointed | Date resigned | Current shareholding |
|---------------|-----------------------|----------------|---------------|----------------------|
| Timothy Thorp | Director              | 27/01/2015     | N/A           | NIL                  |
| Keith Butcher | Director              | 27/01/2015     | N/A           | NIL                  |
| David Hudson  | Director              | 21/09/2020     | N/A           | NIL                  |
| Emily Mendes  | Secretary             | 12/01/2018     | N/A           | NIL                  |

## Appendix B

### Directors' Statement of Affairs – IRAF UK Dragon Limited Partnership

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

Rule 3.30

#### Statement of affairs

|   |                                     |
|---|-------------------------------------|
| Name of Company<br>IRAF UK Dragon Limited Partnership   | Company number<br>LP016476          |
| In the<br>High Court of Justice<br>Business and Property Courts of England and Wales<br>in London<br>Insolvency and Companies List (ChD) [full name of court] | Court case number<br>CR-2021-000178 |

(a) Insert name and address of registered office of the company

Statement as to the affairs of (a) IRAF UK Dragon Limited Partnership, Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL

(b) Insert date on the (b) 1 February 2021, the date that the company entered administration.

---

#### Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 1 February 2021 the date that the company entered administration.

Full name David Hudson

Signed David Hudson

Dated 18-Feb-21

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

**A – Summary of Assets**

| Assets  | Book<br>Value<br>(£)   | Estimated to<br>Realise<br>(£) |
|---|------------------------|--------------------------------|
| Assets subject to fixed charge:                             |                        |                                |
| St George's Shopping Centre, Preston, UK                    | 24,500,000             | 24,500,000*                    |
| Bank accounts:  |                        |                                |
| Rent  | 0.47                   | 0.47                           |
| Cash trap   | 2,502,631.25           | 2,502,631.25                   |
| Refurbishment account                                       | 2,676,507.80           | 2,676,507.80                   |
| Collection  | 476,169.91             | 476,169.91                     |
| Tenant arrears net of provision for doubtful debts          | 55,152.25              | 55,152.25                      |
| Bank debt including accrued interest                        | <u>(40,261,855.00)</u> | <u>(40,261,855.00)</u>         |
| Deficit to fixed charge holders                             | (10,051,393.32)        | (10,051,393.32)                |
| Assets subject to floating charge:                          |                        |                                |
| Bank account - operating                                    | 31,616.64              | 31,616.64                      |
| Prepayments   | 21,945.92              | -                              |
| Other debtors   | <u>47,383.43</u>       | <u>47,383.43</u>               |
| Estimated total assets available for preferential creditors | 100,949.99             | 79,004.07                      |

Signature David Hudson Date 18-Feb-21

\*Based on third party external valuation at 31 December 2020

## Notes:

A balance of £1,900,000 held in escrow and to be released only on proceeding with a capital expenditure project has been excluded from the above. This balance is not subject to a fixed or a floating charge, nor can it be applied to preferential or unsecured creditors.

A cash balance of £408,747.23 in relation to tenant service charges along with a related service charge liability of £680,496.06 have been excluded from the above. The cash balance is not subject to a fixed or a floating charge, nor can it be applied to preferential or unsecured creditors. The liability will be extinguished in the normal course of reconciling the annual service charge billing relative to actual spend and settlement directly with tenants.

ADM01B03

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

**A1 – Summary of Liabilities**

|  | Estimated<br>to realise<br>(£) |
|--|--------------------------------|
| <b>Estimated total assets available for preferential creditors (carried from page A)</b>                                       | 79,004.07                      |
| <b>Liabilities</b>   |                                |
| Preferential creditors:  | (252,426.53)                   |
| <b>Estimated deficiency/surplus as regards preferential creditors</b>  | (173,422.46)                   |
| Estimated prescribed part of net property where applicable (to carry forward)  | -                              |
| <b>Estimated total assets available for floating charge holders</b>  | (173,422.46)                   |
| Debts secured by floating charges  | -                              |
| <b>Estimated deficiency/surplus of assets after floating charges</b>   | (173,422.46)                   |
| Estimated prescribed part of net property where applicable (brought down)  | -                              |
| <b>Total assets available to unsecured creditors</b>   | (173,422.46)                   |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders)   | (416,842.01)                   |
| Partner loans  | (47,583,683.00)                |
| <b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)</b> | (48,173,947.47)                |
| Shortfall to floating charge holders (brought down)  |                                |
| <b>Estimated deficiency/surplus as regards creditors</b>   | (48,173,947.47)                |
| Issued and called up capital   | (3,230,002.00)                 |
| <b>Estimated total deficiency/surplus as regards members</b>   | (51,403,949.47)                |

Signature David Hudson Date 18-Feb-21

ADM01B03

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

## COMPANY CREDITORS

**Note:** You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession. Claims by employees, former employees and consumers should be given as a single figure, with details provided on the respective schedules.

| Name of creditor or claimant            | Address (with postcode)   | Amount of debt £ | Details of any security held by creditor | Date security given | Value of security £ |
|---|---|------------------|--|---------------------|---------------------|
| Avid Property Consultants               | The Lightwell, 61-63 Brown Street, Manchester M2 2LG                  | 23,100.00        | None                                     | N/A                 | N/A                 |
| Barker Proudlove Limited                | West One, Wellington Street, Leeds LS1 1BA                            | 3,600.00         | None                                     | N/A                 | N/A                 |
| CBRE Ltd                                | St Martins Court , 10 Paternoster Row, London EC4M 7HP                | 1,286.26         | None                                     | N/A                 | N/A                 |
| CMS Cameron McKenna Nabarro Olswang LLP | 78 Canon Place, London, EC4N 6AF                                      | 44,450.01        | None                                     | N/A                 | N/A                 |
| HM Revenue & Customs                    | 100 Parliament Street , London , SW14 2BQ                             | 184,339.82       | None                                     | N/A                 | N/A                 |
| Maddox Planning Consultants             | 19 Heathman's Road, London, SW6 4TJ                                   | 840.00           | None                                     | N/A                 | N/A                 |
| Malcolm Hollis LLP                      | Battersea Studios, 80-82 Silverthorne Road, London SW8 3HE            | 6,523.56         | None                                     | N/A                 | N/A                 |
| Metis Real Estate Advisors              | 9-21 Princess Street, Manchester, M2 4DN                              | 12,600.00        | None                                     | N/A                 | N/A                 |
| Preston City Council                    | P O Box 30, Town Hall, Lancashire, PR1 2GD                            | 126,432.83       | None                                     | N/A                 | N/A                 |
| SmartestEnergy                          | 7 Westferry Circus, The columbus Building E14 4HD                     | 96.09            | None                                     | N/A                 | N/A                 |
| Sovereign Centros                       | 4TH Floor, Connaught House, 1-3 Mount Street, W1K 3NB                 | 20,000.00        | None                                     | N/A                 | N/A                 |
| Springboard Research Limited            | Libra House Sunrise Parkway, Milton Keynes, Buckinghamshire, MK14 6PH | 1,477.44         | None                                     | N/A                 | N/A                 |
| G4S Cash Solutions (UK) Ltd             | G4S FSSC Carlton House, Carlton Road, Nottinghamshire, S81 7QF        | 475.10           | None                                     | N/A                 | N/A                 |

ADM01803

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

Signature David Hudson Date 18-Feb-21

### COMPANY SHAREHOLDERS

| Name of Shareholder | Address (with postcode) | No. of shares held | Nominal Value | Details of Shares held |
|---------------------|-------------------------|--------------------|---------------|------------------------|
|---------------------|-------------------------|--------------------|---------------|------------------------|

ADM01803

|   |   |  |  |            |
|---|---|--|--|------------|
| IRAF Dragon Limited<br>(registered in Guernsey) | Oak House, Hirzel Street, St Peter Port, Guernsey, GY1 2NP                    | £3,230,001<br>(Partnership<br>Capital) | £3,230,001<br>(Partnership<br>Capital) | As at left |
| IRAF UK Dragon GP Limited                       | Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL | £1<br>(Partnership<br>Capital)         | £1<br>(Partnership<br>Capital)         | As at left |
|   |   |  |  |            |
|   |   |  |  |            |
|   |   |  |  |            |
|   |   |  |  |            |
|   |   |  |  |            |
|   |   |  |  |            |
|   |   |  |  |            |
|   |   |  |  |            |
|   |   |  |  |            |
| TOTALS  |   |  |  |            |

Signature David Hudson Date 18-Feb-21

**Statement of Concurrence**

A statement of concurrence was received from the members of the Limited Partnership detailed in the below table, concurring with the Statement of Affairs above for the Limited Partnership, confirming they believe the facts stated in the Statement of Affairs are full, true and complete on the date the Limited Partnership entered administration.

| Director Name          | Date Statement of Concurrence received |
|------------------------|--|
| Andreas Katsaros       | 19 February 2021                       |
| Timothy Geoffrey Thorp | 19 February 2021                       |
| Keith David Butcher    | 19 February 2021                       |
| Christopher Paul Gill  | 19 February 2021                       |

## Appendix B

### Directors' Statement of Affairs – IRAF UK Dragon Nominee 1 Limited

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

Rule 3.30

#### Statement of affairs

|   |                                     |
|---|-------------------------------------|
| Name of Company<br>IRAF UK Dragon Nominee 1 Limited   | Company number<br>09408691          |
| In the<br>High Court of Justice<br>Business and Property Courts of England and Wales<br>in London<br>Insolvency and Companies List (ChD) [full name of court] | Court case number<br>CR-2021-000176 |

(a) Insert name and address of registered office of the company

Statement as to the affairs of (a) IRAF UK Dragon Nominee 1 Limited, Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL

(b) Insert date on the (b) 1 February 2021, the date that the company entered administration.

#### Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 1 February 2021 the date that the company entered administration.

Full name David Hudson

Signed David Hudson

Dated 18-Feb-21



DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

**A – Summary of Assets**

| Assets  | Book Value (£) | Estimated to Realise (£) |
|---|----------------|--------------------------|
| Assets subject to fixed charge:                             | -              | -                        |
| <br>  |                |                          |
| Assets subject to floating charge:                          | -              | -                        |
| <br>  |                |                          |
| Uncharged assets:   |                |                          |
| Share capital receivable                                    | 1              | 1                        |
| <br>  |                |                          |
| Estimated total assets available for preferential creditors | 1              | 1                        |

Signature David Hudson Date 18-Feb-21

ADM01B03

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

**A1 – Summary of Liabilities**

|  |   | Estimated<br>to realise<br>(£) |
|--|---|--------------------------------|
| <b>Estimated total assets available for preferential creditors (carried from page A)</b>                                       | £ | 1                              |
| <b>Liabilities</b>   | £ |                                |
| Preferential creditors:-   |   | -                              |
| <b>Estimated deficiency/surplus as regards preferential creditors</b>  | £ |                                |
| Estimated prescribed part of net property where applicable (to carry forward)  | £ | -                              |
| <b>Estimated total assets available for floating charge holders</b>  | £ |                                |
| Debts secured by floating charges  | £ | -                              |
| <b>Estimated deficiency/surplus of assets after floating charges</b>   | £ |                                |
| Estimated prescribed part of net property where applicable (brought down)  | £ | -                              |
| <b>Total assets available to unsecured creditors</b>   | £ |                                |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders)   | £ | -                              |
| <b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)</b> | £ |                                |
| Shortfall to floating charge holders (brought down)  | £ | -                              |
| <b>Estimated deficiency/surplus as regards creditors</b>   | £ |                                |
| Issued and called up capital   | £ | -                              |
| <b>Estimated total deficiency/surplus as regards members</b>   | £ | 1                              |

Signature

*David Hudson*

Date

18-Feb-21

ADM01B03

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

### COMPANY CREDITORS

**Note:** You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession. Claims by employees, former employees and consumers should be given as a single figure, with details provided on the respective schedules.

| Name of creditor or claimant | Address (with postcode) | Amount of debt £ | Details of any security held by creditor | Date security given | Value of security £ |
|------------------------------|-------------------------|------------------|--|---------------------|---------------------|
| None                         |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |

Signature David Hudson Date 18-Feb-21

ACM01803

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

## COMPANY SHAREHOLDERS

| Name of Shareholder       | Address (with postcode)  | No. of shares held | Nominal Value | Details of Shares held |
|---------------------------|--|--------------------|---------------|------------------------|
| IRAF UK Dragon GP Limited | Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL | 1                  | 1             | Ordinary share capital |
|                           |  |                    |               |                        |
|                           |  |                    |               |                        |
|                           |  |                    |               |                        |
|                           |  |                    |               |                        |
|                           |  |                    |               |                        |
|                           |  |                    |               |                        |
|                           |  |                    |               |                        |
|                           |  |                    |               |                        |
|                           |  |                    |               |                        |
|                           |  |                    |               |                        |
|                           |  |                    |               |                        |
|                           |  |                    |               |                        |
| TOTALS                    |  |                    |               |                        |

Signature David Hudson Date 18-Feb-21

ACAD1803

**Statement of Concurrence**

A statement of concurrence was received from the fellow Directors of the Company detailed in the below table, concurring with the Statement of Affairs above for the Company confirming they believe the facts stated in the Statement of Affairs are full, true and complete on the date the Company entered administration.

| Director Name          | Date Statement of Concurrence received |
|------------------------|--|
| Timothy Geoffrey Thorp | 19 February 2021                       |
| Keith David Butcher    | 19 February 2021                       |

## Appendix B

### Directors' Statement of Affairs – IRAF UK Dragon Nominee 2 Limited

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

Rule 3.30

#### Statement of affairs

|   |                                     |
|---|-------------------------------------|
| Name of Company<br>IRAF UK Dragon Nominee 2 Limited   | Company number<br>09408934          |
| In the<br>High Court of Justice<br>Business and Property Courts of England and Wales<br>in London<br>Insolvency and Companies List (ChD) [full name of court] | Court case number<br>CR-2021-000177 |

(a) Insert name and address of registered office of the company

Statement as to the affairs of (a) IRAF UK Dragon Nominee 2 Limited, Level 7 One Bartholomew Close, Barts Square, London, United Kingdom, EC1A 7BL

(b) Insert date on the (b) 1 February 2021, the date that the company entered administration.

---

#### Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 1 February 2021 the date that the company entered administration.

Full name David Hudson

Signed David Hudson

Dated 18-Feb-21

ADM01B03

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

**A – Summary of Assets**

| Assets  | Book Value (£) | Estimated to Realise (£) |
|---|----------------|--------------------------|
| Assets subject to fixed charge:                             | -              | -                        |
| <br>  |                |                          |
| Assets subject to floating charge:                          | -              | -                        |
| <br>  |                |                          |
| Uncharged assets:   |                |                          |
| Share capital receivable                                    | 1              | 1                        |
| <br>  |                |                          |
| Estimated total assets available for preferential creditors | 1              | 1                        |

Signature David Hudson Date 18-Feb-21

ADM01B03

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

**A1 – Summary of Liabilities**

|  |   | Estimated<br>to realise<br>(£) |
|--|---|--------------------------------|
| <b>Estimated total assets available for preferential creditors (carried from page A)</b>                                       | £ | 1                              |
| <b>Liabilities</b>   | £ |                                |
| Preferential creditors:-   |   | -                              |
| <b>Estimated deficiency/surplus as regards preferential creditors</b>  | £ |                                |
| Estimated prescribed part of net property where applicable (to carry forward)  | £ | -                              |
| <b>Estimated total assets available for floating charge holders</b>  | £ |                                |
| Debts secured by floating charges  | £ | -                              |
| <b>Estimated deficiency/surplus of assets after floating charges</b>   | £ |                                |
| Estimated prescribed part of net property where applicable (brought down)  | £ | -                              |
| <b>Total assets available to unsecured creditors</b>   | £ |                                |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders)   | £ | -                              |
| <b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)</b> | £ |                                |
| Shortfall to floating charge holders (brought down)  | £ | -                              |
| <b>Estimated deficiency/surplus as regards creditors</b>   | £ |                                |
| Issued and called up capital   | £ | -                              |
| <b>Estimated total deficiency/surplus as regards members</b>   | £ | 1                              |

Signature

*David Hudson*

Date

18-Feb-21

ADM01B03

DocuSign Envelope ID: C1C3184F-5488-45CC-BC55-2C1908D11890

### COMPANY CREDITORS

**Note:** You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession. Claims by employees, former employees and consumers should be given as a single figure, with details provided on the respective schedules.

| Name of creditor or claimant | Address (with postcode) | Amount of debt £ | Details of any security held by creditor | Date security given | Value of security £ |
|------------------------------|-------------------------|------------------|--|---------------------|---------------------|
| None                         |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |
|                              |                         |                  |  |                     |                     |

Signature David Hudson Date 18-Feb-21

ACM01803





## Appendix C

### IRAF UK Dragon Limited Partnership

#### Administrators' receipts and payments account for the period from 1 February 2021 to 19 March 2021

| Statement of<br>Affairs estimated<br>to realise<br>(£) | Note<br>1,2 | Period from<br>1 February 2021<br>to 19 March 2021<br>(£) |
|--|-------------|---|
|  |             | <b>Fixed charge receipts</b>                              |
| 24,500,000   |             | Property  |
| 5,655,309  | 3           | Cash at date of appointment                               |
| 55,152   | 4           | Tenant arrears/rent                                       |
|  |             | <b>Fixed charge payments</b>                              |
|  |             | <b>Floating charge receipts</b>                           |
|  |             | Funding Agreement drawdown                                |
| 31,617   | 5           | Cash at date of appointment                               |
| -  |             | Prepayments   |
| 47,383   |             | Other debtors   |
|  |             | Bank interest   |
|  |             | <u>5.12</u>   |
|  |             | <b>1,700,005.12</b>                                       |
|  |             | <b>Floating charge payments</b>                           |
|  |             | <u>-</u>  |
|  |             | <b>Balances in hand</b>                                   |
|  |             | <u><b>1,700,005.12</b></u>                                |
|  |             | <b>Represented by:</b>                                    |
|  | 6           | Cash at bank  |
|  |             | <u>1,700,005.12</u>                                       |
|  |             | <u><b>1,700,005.12</b></u>                                |

**Note:**

- This receipts and payments account is shown net of VAT.
- This receipts and payments account has been prepared on a cash basis and does not reflect future estimated receipts and payments.
- These cash balances remain in "blocked" bank accounts which are subject to the Secured Lender's fixed charge security.
- Rent collected since the date of appointment totalling c.£87k plus VAT is currently held in a Munroe K operated bank account on trust for the Limited Partnership. These monies will be swept to the fixed charge Administration bank account periodically throughout the Administration.
- These cash balances are currently held in the Limited Partnership's pre appointment operating bank account and are in the process of being transferred to the Limited Partnership's floating charge Administration bank account.
- All funds are held in interest bearing accounts.





## Appendix D

### IRAF UK Dragon Limited Partnership

### Statement of pre-administration costs

#### Statement of pre-administration costs

|   | Administrator     |                  | Other IP          |               | Details   |
|---|-------------------|------------------|-------------------|---------------|---|
|   | Remuneration<br>£ | Expenses<br>£    | Remuneration<br>£ | Expenses<br>£ |   |
| Joint Administrators'<br>Time costs                             | 3,833.34          | -                | -                 | -             | Work undertaken to enable the Joint Administrators to be in a position to accept the Appointments and trade the business. |
| Stephenson Harwood  | -                 | 15,127.52        | -                 | -             | Legal advice in relation to the Administrators' appointment and Funding Agreement.  |
| Bryan Cave Leighton<br>Paisner LLP                              | -                 | 1,292.00         | -                 | -             | Legal advice in relation to the Funding Agreement   |
| <b>Total costs incurred<br/>(excluding VAT)</b>                 | <b>3,833.34</b>   | <b>16,419.52</b> | <b>-</b>          | <b>-</b>      |   |
| Paid before the<br>Administration                               | -                 | -                | -                 | -             |   |
| <b>Unpaid pre-<br/>Administration costs<br/>(excluding VAT)</b> | <b>3,833.34</b>   | <b>16,419.52</b> | <b>-</b>          | <b>-</b>      |   |

**Note:**

*Please note all costs in the above table are exclusive of VAT.*

Unpaid pre-administration costs are costs which had not been paid at the date of administration are still outstanding and are subject to approval under Rule 3.52 of the Insolvency (England and Wales) Rules 2016.

Unpaid pre-administration costs are not part of the proposals subject to approval under paragraph 53 of Schedule B1 of the Insolvency Act 1986. This means that they must be approved separately from the proposals.

Further information on the way in which approval will be sought for unpaid pre-administration costs is set out in Section 6 of the Proposals.

## Appendix D

### IRAF UK Dragon Nominee 1 Limited

### Statement of pre-administration costs

#### Statement of pre-administration costs

|  | Administrator     |                  | Other IP          |               | Details   |
|--|-------------------|------------------|-------------------|---------------|---|
|  | Remuneration<br>£ | Expenses<br>£    | Remuneration<br>£ | Expenses<br>£ |   |
| Time costs   | 3,833.33          | -                | -                 | -             | Work undertaken to enable the Joint Administrators to be in a position to accept the Appointments and trade the business. |
| Stephenson Harwood                                     | -                 | 15,127.51        | -                 | -             | Legal advice in relation to the Administrators' appointment and Funding Agreement.  |
| Bryan Cave Leighton Paisner LLP                        | -                 | 1,292.75         | -                 | -             | Legal advice in relation to the Funding Agreement   |
| <b>Total costs incurred (excluding VAT)</b>            | <b>3,833.33</b>   | <b>16,420.26</b> | <b>-</b>          | <b>-</b>      |   |
| Paid before the Administration                         | -                 | -                | -                 | -             |   |
| <b>Unpaid pre-Administration costs (excluding VAT)</b> | <b>3,833.33</b>   | <b>16,420.26</b> | <b>-</b>          | <b>-</b>      |   |

**Note:**

*Please note all costs in the above table are exclusive of VAT.*

Unpaid pre-administration costs are costs which had not been paid at the date of administration are still outstanding and are subject to approval under Rule 3.52 of the Insolvency (England and Wales) Rules 2016.

Unpaid pre-administration costs are not part of the proposals subject to approval under paragraph 53 of Schedule B1 of the Insolvency Act 1986. This means that they must be approved separately from the proposals.

Further information on the way in which approval will be sought for unpaid pre-administration costs is set out in Section 6 of the Proposals.

## Appendix D

### IRAF UK Dragon Nominee 2 Limited

### Statement of pre-administration cost

#### Statement of pre-administration costs

|  | Administrator     |                  | Other IP          |               | Details   |
|--|-------------------|------------------|-------------------|---------------|---|
|  | Remuneration<br>£ | Expenses<br>£    | Remuneration<br>£ | Expenses<br>£ |   |
| Time costs   | 3,833.33          | -                | -                 | -             | Work undertaken to enable the Joint Administrators to be in a position to accept the Appointments and trade the business. |
| Stephenson Harwood                                     | -                 | 15,127.51        | -                 | -             | Legal advice in relation to the Administrators' appointment and Funding Agreement.  |
| Bryan Cave Leighton Paisner LLP                        | -                 | 1,292.75         | -                 | -             | Legal advice in relation to the Funding Agreement   |
| <b>Total costs incurred (excluding VAT)</b>            | <b>3,833.33</b>   | <b>16,420.26</b> | <b>-</b>          | <b>-</b>      |   |
| Paid before the Administration                         | -                 | -                | -                 | -             |   |
| <b>Unpaid pre-Administration costs (excluding VAT)</b> | <b>3,833.33</b>   | <b>16,420.26</b> | <b>-</b>          | <b>-</b>      |   |

#### Note

*Please note all costs in the above table are exclusive of VAT.*

Unpaid pre-administration costs are costs which had not been paid at the date of administration are still outstanding and are subject to approval under Rule 3.52 of the Insolvency (England and Wales) Rules 2016.

Unpaid pre-administration costs are not part of the proposals subject to approval under paragraph 53 of Schedule B1 of the Insolvency Act 1986. This means that they must be approved separately from the proposals.

Further information on the way in which approval will be sought for unpaid pre-administration costs is set out in Section 6 of the Proposals.

### Estimate of remuneration to be charged

The Administrators are seeking approval for their remuneration to be fixed on a time cost basis. In accordance with Rule 18.16(4) of the Insolvency (England and Wales) Rules 2016, they set out below their estimate of remuneration to be charged.

The estimate of time costs is £615,872 plus VAT across the Entities split as follows: £306,472 plus VAT for the Limited Partnership, £154,700 plus VAT for Nominee 1 and £154,700 plus VAT for Nominee 2. An explanation of how this sum has been arrived at is set out below and a breakdown of the expected costs is attached on the following pages.

### Explanation of the work proposed to be undertaken

| Category of work             | Description of work to be completed  |
|------------------------------|--|
| Accounting & Administration  | <ul style="list-style-type: none"> <li>▶ Overall management of the cases, treasury and accounting functions, statutory compliance diaries and time cost reporting.</li> <li>▶ This is a statutory requirement.</li> </ul>  |
| Bank and Statutory Reporting | <ul style="list-style-type: none"> <li>▶ Regular reporting to the Entities' secured creditor.</li> <li>▶ Preparing the Administrators' Statement of Proposals, six monthly progress reports and final report. This is a statutory requirement.</li> </ul>  |
| Creditors                    | <ul style="list-style-type: none"> <li>▶ Receipt and recording of creditor claims.</li> <li>▶ Correspondence with creditors.</li> <li>▶ Processing distributions to the secured creditors.</li> <li>▶ This is a statutory requirement.</li> </ul>  |
| Debtors                      | <ul style="list-style-type: none"> <li>▶ Correspondence / engagement with the Administrators' agents and legal advisors in relation to debtors of the Entities.</li> <li>▶ Work will include review of position and actions to realise value.</li> </ul>   |
| Immediate Tasks              | <ul style="list-style-type: none"> <li>▶ Completion of work streams requiring immediate attention following the appointment, in order to execute the strategy outlined in the Proposals.</li> <li>▶ These tasks may comprise a mixture of statutory requirements and tasks undertaken to realise value in the Entities assets.</li> </ul>  |
| Investigations               | <ul style="list-style-type: none"> <li>▶ Investigations in accordance with Statement of Insolvency Practice 2 "Investigations by Office Holders".</li> <li>▶ The Administrators' report on the conduct of the directors under the Company Directors Disqualification Act 1986 and pursuant to Schedule 8 of the Insolvent Partnerships Order 1994.</li> <li>▶ This is a statutory and regulatory requirement.</li> </ul>                           |
| Job Acceptance & Strategy    | <ul style="list-style-type: none"> <li>▶ Matters relating to the appointment and initial planning of the administration strategy, including meetings with directors and management and formulating and executing the strategy adopted.</li> <li>▶ Considering exit routes from administrations and implementing the most appropriate route.</li> <li>▶ These tasks comprise a mixture of statutory requirements and tasks undertaken to</li> </ul> |



## Appendix A

|                  |   |
|------------------|---|
|                  | <p>maximise realisable value in the Entities assets.</p>  |
| Legal Issues     | <ul style="list-style-type: none"> <li>▶ Dealing with any ad hoc legal issues.</li> <li>▶ These issues may comprise a mixture of statutory requirements and tasks undertaken to maximise realisable value in the Entities assets.</li> </ul>  |
| Other Assets     | <ul style="list-style-type: none"> <li>▶ Realising value from the Entities' residual assets (if any) as noted in the Directors' Statement of Affairs.</li> <li>▶ Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Entities at the date of appointment.</li> </ul>   |
| Other Matters    | <ul style="list-style-type: none"> <li>▶ Recovery of the Entities' books and records, and electronic records.</li> <li>▶ Other matters arising in the administrations, which are not covered under other headings.</li> <li>▶ Work undertaken in this category will primarily comprise statutory and regulatory requirements.</li> </ul>  |
| Property         | <ul style="list-style-type: none"> <li>▶ Dealing with matters relating to the Property, including dealing with interested parties and in due course the process to sell and realise value in the Property.</li> </ul>   |
| Public Relations | <ul style="list-style-type: none"> <li>▶ Agreeing and issuing statements to the press as required in pursuit of the strategy discussed in the Proposals.</li> </ul>   |
| Statutory Duties | <ul style="list-style-type: none"> <li>▶ Completion of statutory requirements of the Administration, including notifications to creditors and members, advertising the appointment, and sending to creditors and filing at Companies House.</li> <li>▶ These are statutory requirements.</li> </ul>   |
| Trading          | <ul style="list-style-type: none"> <li>▶ Dealing with matters relating to the ongoing trading of the Property, including discussions with Agents (incl. reviewing and approving recommendations), tenants (as appropriate) and other stakeholders.</li> <li>▶ This work is an essential part of the Administrators' strategy to ensure the efficient ongoing operation of the Property in administration pending a sale process being undertaken in due course to realise value in the centre.</li> </ul> |
| VAT & Taxation   | <ul style="list-style-type: none"> <li>▶ Preparing annual corporation tax and quarterly VAT returns, with input from EY VAT and tax specialists.</li> <li>▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the administrations.</li> <li>▶ Preparing claims for VAT bad debt relief (if applicable).</li> <li>▶ This is a statutory requirement.</li> </ul>   |

## Appendix A

Estimated remuneration for a period of 12 months from the appointment date  
(assuming all administrations are concluded within 12 months)

### IRAF UK Dragon Limited Partnership

|                             | Partner /      |                |               |               | Total hours  | Time Costs<br>(£) | Average<br>hourly<br>rate |
|-----------------------------|----------------|----------------|---------------|---------------|--------------|-------------------|---------------------------|
|                             | Director       | Manager        | Executive     | Analyst       |              |                   |                           |
| Accounting & Administration | 3.5            | 10.5           | 10.5          | 28.0          | 52.5         | 16,392            | 312                       |
| Bank & Statutory Reporting  | 15.0           | 20.0           | 10.0          | 16.7          | 61.7         | 30,656            | 497                       |
| Creditors                   | 4.0            | 24.0           | 6.4           | 36.0          | 70.4         | 22,713            | 323                       |
| Debtors                     | 5.0            | 10.0           | -             | 20.0          | 35.0         | 12,505            | 357                       |
| Immediate Tasks             | 1.7            | 3.3            | 2.7           | 5.0           | 12.7         | 4,964             | 392                       |
| Investigations              | 1.7            | 6.7            | 5.0           | 10.0          | 23.3         | 8,114             | 348                       |
| Job Acceptance & Strategy   | 6.7            | 6.7            | 3.3           | 1.7           | 18.3         | 11,359            | 620                       |
| Legal Issues                | 6.7            | 6.7            | -             | 6.7           | 20.0         | 10,773            | 539                       |
| Other Assets                | 5.0            | 10.0           | 5.0           | 15.0          | 35.0         | 13,734            | 392                       |
| Other Matters               | -              | 10.0           | 1.7           | 5.0           | 16.7         | 5,993             | 360                       |
| Property                    | -              | -              | -             | -             | -            | -                 | -                         |
| Public Relations issues     | 1.7            | 5.0            | -             | 3.3           | 10.0         | 4,477             | 448                       |
| Statutory Duties            | 6.7            | 16.7           | -             | 20.0          | 43.3         | 17,290            | 399                       |
| Trading                     | 40.0           | 110.0          | 25.0          | 70.0          | 245.0        | 111,034           | 453                       |
| VAT & Taxation              | 14.0           | 36.4           | -             | 38.5          | 88.9         | 36,470            | 410                       |
| <b>Total Hours</b>          | <b>111.5</b>   | <b>275.9</b>   | <b>69.6</b>   | <b>275.8</b>  | <b>732.8</b> |                   |                           |
| Average hourly rate         | 1,011          | 465            | 386           | 140           |              |                   | 418                       |
| <b>Time Costs</b>           | <b>112,725</b> | <b>128,294</b> | <b>26,837</b> | <b>38,617</b> |              | <b>306,472</b>    |                           |

### IRAF UK Dragon Nominee 1 Limited

|                             | Partner /     |               |               |               | Total hours  | Time Costs<br>(£) | Average<br>hourly<br>rate |
|-----------------------------|---------------|---------------|---------------|---------------|--------------|-------------------|---------------------------|
|                             | Director      | Manager       | Executive     | Analyst       |              |                   |                           |
| Accounting & Administration | 0.8           | 2.3           | 2.3           | 6.0           | 11.3         | 3,512             | 312                       |
| Bank & Statutory Reporting  | 15.0          | 20.0          | 10.0          | 16.7          | 61.7         | 30,656            | 497                       |
| Creditors                   | 0.5           | 3.0           | 0.8           | 4.5           | 8.8          | 2,839             | 323                       |
| Debtors                     | -             | -             | -             | -             | -            | -                 | -                         |
| Immediate Tasks             | 1.7           | 3.3           | 2.7           | 5.0           | 12.7         | 4,964             | 392                       |
| Investigations              | 1.7           | 6.7           | 5.0           | 10.0          | 23.3         | 8,114             | 348                       |
| Job Acceptance & Strategy   | 6.7           | 6.7           | 3.3           | 1.7           | 18.3         | 11,359            | 620                       |
| Legal Issues                | 6.7           | 6.7           | -             | 6.7           | 20.0         | 10,773            | 539                       |
| Other Assets                | -             | -             | -             | -             | -            | -                 | -                         |
| Other Matters               | -             | 10.0          | 1.7           | 5.0           | 16.7         | 5,993             | 360                       |
| Property                    | 15.0          | 50.0          | 7.5           | 40.0          | 112.5        | 46,908            | 417                       |
| Public Relations issues     | 1.7           | 5.0           | -             | 3.3           | 10.0         | 4,477             | 448                       |
| Statutory Duties            | 6.7           | 16.7          | -             | 20.0          | 43.3         | 17,290            | 399                       |
| Trading                     | -             | -             | -             | -             | -            | -                 | -                         |
| VAT & Taxation              | 3.0           | 7.8           | -             | 8.3           | 19.1         | 7,815             | 410                       |
| <b>Total Hours</b>          | <b>59</b>     | <b>138</b>    | <b>33</b>     | <b>127</b>    | <b>357.6</b> |                   |                           |
| Average hourly rate         | 1,011         | 465           | 386           | 140           |              |                   | 433                       |
| <b>Time Costs</b>           | <b>59,901</b> | <b>64,193</b> | <b>12,814</b> | <b>17,792</b> |              | <b>154,700</b>    |                           |

## Appendix A

### IRAF UK Dragon Nominee 2 Limited

|                             | Partner /     |               |               |               |              | Time Costs     | Average     |
|-----------------------------|---------------|---------------|---------------|---------------|--------------|----------------|-------------|
|                             | Director      | Manager       | Executive     | Analyst       | Total hours  | (£)            | hourly rate |
| Accounting & Administration | 0.8           | 2.3           | 2.3           | 6.0           | 11.3         | 3,512          | 312         |
| Bank & Statutory Reporting  | 15.0          | 20.0          | 10.0          | 16.7          | 61.7         | 30,656         | 497         |
| Creditors                   | 0.5           | 3.0           | 0.8           | 4.5           | 8.8          | 2,839          | 323         |
| Debtors                     | -             | -             | -             | -             | -            | -              | -           |
| Immediate Tasks             | 1.7           | 3.3           | 2.7           | 5.0           | 12.7         | 4,964          | 392         |
| Investigations              | 1.7           | 6.7           | 5.0           | 10.0          | 23.3         | 8,114          | 348         |
| Job Acceptance & Strategy   | 6.7           | 6.7           | 3.3           | 1.7           | 18.3         | 11,359         | 620         |
| Legal Issues                | 6.7           | 6.7           | -             | 6.7           | 20.0         | 10,773         | 539         |
| Other Assets                | -             | -             | -             | -             | -            | -              | -           |
| Other Matters               | -             | 10.0          | 1.7           | 5.0           | 16.7         | 5,993          | 360         |
| Property                    | 15.0          | 50.0          | 7.5           | 40.0          | 112.5        | 46,908         | 417         |
| Public Relations issues     | 1.7           | 5.0           | -             | 3.3           | 10.0         | 4,477          | 448         |
| Statutory Duties            | 6.7           | 16.7          | -             | 20.0          | 43.3         | 17,290         | 399         |
| Trading                     | -             | -             | -             | -             | -            | -              | -           |
| VAT & Taxation              | 3.0           | 7.8           | -             | 8.3           | 19.1         | 7,815          | 410         |
| <b>Total Hours</b>          | <b>59.3</b>   | <b>138.1</b>  | <b>33.2</b>   | <b>127.1</b>  | <b>357.6</b> |                |             |
| Average hourly rate         | 1,011         | 465           | 386           | 140           |              |                | 433         |
| <b>Time Costs</b>           | <b>59,901</b> | <b>64,193</b> | <b>12,814</b> | <b>17,792</b> |              | <b>154,700</b> |             |

### Details of expenses incurred and anticipated to be incurred

Expenses comprise sums paid or to be paid to third parties and sums paid or payable to the Administrators' firm in respect of out of pocket expenses and costs which include an element of shared or allocated costs.

Expenses expected to be incurred are £2,867,498 (excluding VAT) across the Entities.

| Category of expense | Description of expense incurred or to be incurred   |
|---------------------|---|
| Agents' fees        | ▶ Relates to amounts paid to Agents engaged to assist with administration activities including trading and eventually the sale of the Property.   |
| Other trading costs | ▶ Operational and other costs incurred in connection with the trading of the Property, which include tenant capital incentives, service charge funding, landlord's contribution to marketing, letting/leasing fees, capex and administrative costs.                               |
| Legal fees          | ▶ Legal advice provided to the Administrators across a variety of matters eg, tenant leases, escrow agreement, agent agreements, and/or other matters needing to be dealt with in the Administration to maximise realisations and/or comply with statutory duties / requirements. |
| Storage             | ▶ Costs to arrange collection and storage of the Entities' books and records, for minimum periods required under legislation.   |
| Insurance           | ▶ Costs to insure the Entities' assets and operations during the administrations.   |
| Statutory costs     | ▶ Costs of completing statutory requirements of the administrations, including advertising and filing costs.  |
| Bank charges        | ▶ Charges associated with operation of the Entities' bank accounts during the Administrations.  |
| Corporation tax     | ▶ Corporation tax which may become payable following the preparation and submission of Corporation tax returns.<br>▶ It is currently too soon to provide an estimate in respect of these costs.   |

### Category 1 expenses

Category 1 expenses are payments to independent third parties where there is specific expenditure directly referable to the appointment

### Category 2 expenses

Category 2 expenses are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.

**Estimated expenses**

**IRAF UK Dragon Limited Partnership**

| <b>Payments which are not disbursements <sup>1</sup></b> | <b>£</b>                |
|--|-------------------------|
| Other trading costs <sup>2</sup>                         | 1,937,038               |
| Agents' fees <sup>3</sup>                                | 500,000                 |
| Legal fees   | 66,667                  |
| Insurance  | 41,667                  |
| Storage  | 500                     |
| Bank charges   | 500                     |
| Statutory costs  | 100                     |
| Corporation tax  | -                       |
|  | <u>2,546,471</u>        |
| <b>Category 1 disbursements <sup>4</sup></b>             |                         |
| Specific penalty bond                                    | 320                     |
| Postage and printing                                     | 100                     |
|  | <u>420</u>              |
| <b>Category 2 disbursements <sup>4</sup></b>             |                         |
| Mileage  | 500                     |
|  | <u>500</u>              |
| <b>Total</b>   | <u><b>2,547,391</b></u> |

**IRAF UK Dragon Nominee 1 Limited**

| <b>Payments which are not disbursements <sup>1</sup></b> | <b>£</b>              |
|--|-----------------------|
| Other trading costs                                      | -                     |
| Agents' fees <sup>3</sup>                                | 50,000                |
| Legal fees   | 66,667                |
| Insurance  | 41,667                |
| Storage  | 500                   |
| Bank charges   | 500                   |
| Statutory costs  | 100                   |
| Corporation tax  | -                     |
|  | <u>159,433</u>        |
| <b>Category 1 disbursements <sup>4</sup></b>             |                       |
| Postage and printing                                     | 100                   |
| Specific penalty bond                                    | 20                    |
|  | <u>120</u>            |
| <b>Category 2 disbursements <sup>4</sup></b>             |                       |
| Mileage  | 500                   |
|  | <u>500</u>            |
| <b>Total</b>   | <u><b>160,053</b></u> |

### IRAF UK Dragon Nominee 2 Limited

| Payments which are not disbursements <sup>1</sup> | £              |
|---|----------------|
| Other trading costs                               | -              |
| Agents' fees <sup>3</sup>                         | 50,000         |
| Legal fees  | 66,667         |
| Insurance   | 41,667         |
| Storage   | 500            |
| Bank charges                                      | 500            |
| Statutory costs                                   | 100            |
| Corporation tax                                   | -              |
|   | 159,433        |
| <b>Category 1 disbursements <sup>4</sup></b>      |                |
| Postage and printing                              | 100            |
| Specific penalty bond                             | 20             |
|   | 120            |
| <b>Category 2 disbursements <sup>4</sup></b>      |                |
| Mileage   | 500            |
|   | 500            |
| <b>Total</b>                                      | <b>160,053</b> |

#### Notes to expenses estimates

- 1 Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- 2 Other trading costs includes certain other professional costs, including letting fees.
- 3 Agents' fees are based on the incumbent arrangements; however, in certain cases, the Administrators are seeking to renew the arrangements.
- 4 SIP 9 defines disbursements as a type of expense which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into two categories: Category 1 and Category 2.
  - Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
  - Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include an element of shared or allocated costs.

#### Exceeding estimates of remuneration and expenses

These estimates may be exceeded, in which case an explanation will be provided in the appropriate progress report. The Administrators will only draw remuneration in excess of the estimate with the prior agreement of the approving body, in accordance with Rule 18.30 the Insolvency (England and Wales) Rules 2016.

### **Estimate of return for creditors**

#### ***Secured creditors***

Based on the Directors' Statement of Affairs, as at the date of appointment the Entities owed the Secured Creditor c.£40.3m. The Secured Creditor holds fixed and floating charge security over the assets of the Entities.

The Secured Creditor's recovery in this matter will be primarily dependent on the outcome of the sale process for the Property which will be undertaken in due course. It is therefore too early to estimate the overall level of recovery which the Secured Creditor may receive against its pre-appointment indebtedness.

#### ***Preferential creditors***

##### *Limited Partnership*

Based on the Directors' Statement of Affairs, the Limited Partnership is estimated to have preferential claims totalling c.£252k, all of which relates to amounts owed to HM Revenue and Customs in relation to VAT. We understand the Limited Partnership has no employees and there should therefore be no preferential claims attributable to arrears of employee wages, holiday pay or pension contributions.

As stated above, it is too early to accurately estimate the return to preferential creditors in this matter, however, given the majority by value of the Entities' assets comprise assets subject to the Secured Creditor's fixed charge security, we consider it likely that preferential creditors will ultimately suffer a shortfall against their pre-appointment indebtedness.

##### *The Companies*

We are not aware of any preferential creditors in either of the Companies.

#### ***Non-preferential unsecured creditors***

##### *Limited Partnership*

The Directors' Statement of Affairs estimated non-preferential unsecured claims owed by the Limited Partnership to be in the region of c.£48.0m, of which c.£47.6m is attributable to InfraRed loans. However, as stated previously a number of creditor claims have yet to be quantified and as such the final total of unsecured creditor claims may vary from the figures included in the Statement of Affairs.

##### *The Companies*

The Directors Statement of Affairs for the Companies indicated there were no unsecured creditors in either of these companies.

We do not believe there is a prospect of a dividend to unsecured creditors of the Limited Partnership or the Companies.