

TO ALL KNOWN CREDITORS

12 April 2024

Ref: SJE/TP/AH/MEH001
Email: MEHadministration@uk.ey.com

Dear Sirs/Madam

Muji Europe Holdings Limited (in Administration) ('the Company')

As you will be aware, the Company entered Administration on 8 April 2024 and Alexander P Williams and I were appointed to act as Joint Administrators.

I now enclose a copy of our statement of proposals as required by paragraph 49 of Schedule B1 to the Insolvency Act 1986. I also enclose, as an appendix to this letter, an estimate of remuneration to be charged ('the fees estimate') and details of expenses incurred or likely to be incurred.

We intend to seek the approval of the proposals by deemed consent. We will seek approval for the basis of our remuneration by a separate resolution of the creditors.

I enclose, for your attention, formal notice of deemed consent together with an invitation to form a creditors' committee.

Should you have any further questions please contact Ayse Hassan at MEHadministration@uk.ey.com

Yours faithfully
for the Company



Simon J Edel
Joint Administrator

Enc: Joint Administrators' statement of proposals
Fee estimate and details of expenses
Notice of deemed consent
Invitation to form a creditors' committee

Simon J Edel and Alexander P Williams are licensed in the United Kingdom to act as an insolvency practitioners by The Insolvency Practitioners Association in England and Wales.

The affairs, business and property of the Company are being managed by the Joint Administrators, Simon J Edel and Alexander P Williams, who act as agents of the Company 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 Company 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.

The UK Firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 More London Place, London SE1 2AF, the firm's principal place of business and registered office and at Companies House (<https://www.gov.uk/get-information-about-a-company>) under the registration number OC300001. Not all partners are members of Ernst & Young LLP. Ernst & Young LLP is a multi-disciplinary practice and is authorised and regulated by the Institute of Chartered Accountants in England and Wales, the Solicitors Regulation Authority (authorisation number 614947), the Financial Conduct Authority (registration number 196203) and other regulators. Further details can be found at https://www.ey.com/en_uk/legal-statement.

**Muji Europe Holdings Limited (In
Administration) ('the Company')**

Joint Administrators' statement of proposals

Pursuant to paragraph 49 of schedule B1 to the
Insolvency Act 1986

Date of delivery of proposals to creditors 12 April 2024

Administrators' statement of proposals

This document, including its appendices, constitutes the Joint Administrators' statement of 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 (the 'Rules').

It provides details of the Joint Administrators' strategy and the proposed future conduct of the Administration.

Should you wish to discuss any aspect of these proposals, please contact us by emailing MEHadministrator@uk.ey.com.

Abbreviations

The following abbreviations are used in these proposals:

Item	Meaning
CVL	Creditors Voluntary Liquidation
EY	Ernst & Young LLP
HMRC	His Majesty's Revenue & Customs
LTO	Licence to Occupy
MC	Mitsubishi Corporation
MEH	Muji Europe Holdings Limited (in Administration)
MEL	Muji Europe Limited
MUJI	Mujirushi Ryohin
PAYE	Pay As You Earn
RKJ	Ryohin Keikaku Co., Ltd
S&S	Simmons & Simmons LLP
Shareholder Agreement	Shareholder Agreement dated 3 May 2007 between RKJ and MC
SIP	Statement of Insolvency Practice
SPA	Sale Purchase Agreement
the Company	Muji Europe Holdings Limited (in Administration)
the Joint Administrators	Simon J Edel and Alexander P Williams
the Joint Partnership	RKJ (66%) and MC (34%)
the Licence Agreement	Exclusive Brand Licence Agreement
the Proposals	The Joint Administrators' Statement of Proposals
the Purchaser	Muji Europe Limited
the Rules	Insolvency (England and Wales) Rules 2016
VAT	Value Added Tax
Directors	Uriel Karsenti Masato Arai Naoki Yamamoto Jun Yokohama

Contents

1.	Introduction, background and circumstances giving rise to the appointment	2
2.	Purpose, conduct and end of administration.....	4
3.	Statement of Affairs	8
4.	Prescribed part.....	9
5.	Administrators' remuneration and disbursements and payments to other professionals	10
6.	Pre-administration costs	11
Appendix A	Statutory information.....	13
Appendix B	Estimate of the Company's financial position	14
Appendix C	Administrators' receipts and payments account for the period from 8 April 2024 to 12 April 2024	16
Appendix D	Statement of pre-administration costs	18
Appendix E	SIP 16 Letter to Creditors: Detailed Explanation of Pre-Pack Transaction	19

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

Introduction

On 8 April 2024, the Company entered Administration and Simon J Edel and Alexander P Williams were appointed to act as Joint Administrators ('the Joint Administrators'). The appointment was made by the Company's Directors under the provisions of paragraph 22 of Schedule B1 to the Insolvency Act 1986.

This document, including its appendices, constitutes the Joint Administrators' statement of 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.

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

Background

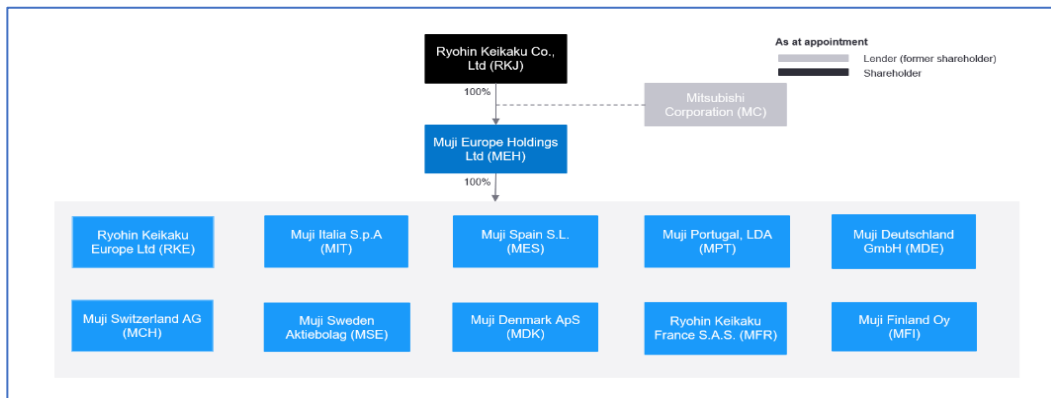
RKJ (formerly Seiyu Co., Ltd.) first established Mujirushi Ryohin ('Muji') in Japan in 1980 as an exclusive brand, with the principal activity being the retail sale of Japanese household and fashion merchandise and selected food products. RKJ opened the first Muji store outside of Japan in London in 1991.

The Company, MEH, was established in January 2007 by way of a Joint Partnership between RKJ (66%) and Mitsubishi Corporation ('MC') (34%) ('the Joint Partnership') and, prior to Administration, acted as a holding company operating 32 retail stores and e-commerce channels through 10 fully owned operating subsidiaries across Europe. Each subsidiary operated the stores in their respective jurisdiction. The Company's subsidiaries were located in the United Kingdom, France, Italy, Germany, Spain, Portugal, Sweden, Switzerland, Finland and Denmark. MEH was also party to franchise agreements with entities based in Ireland and Poland.

The Company provided the central management function of the European group and was responsible for purchasing stock from RKJ for onward sale to the European subsidiaries. The Company also leased the European office headquarters in London and a warehouse in the Netherlands to store stock and employed 43 staff.

RKJ, as the sole owner of the 'MUJI' trademarks, brand and intellectual property, provided MEH with an exclusive brand licence Agreement (the 'Licence Agreement') to operate under the 'MUJI' brand and distribute Muji-branded products. RKJ was paid royalties for the provision of the Licence Agreement.

A summary group structure chart, as at the date of our appointment, is presented below:



Source: Management Information, Nov 2023

Pursuant to a shareholder agreement dated 3 May 2007 between RKJ and MC (the 'Shareholder Agreement'), MC exercised a put option to sell all of its shareholding (34%) to RKJ at fair market value (to be determined by a firm of independent certified public accountants). The sale was completed on 20 January 2024 for consideration of JPY 1 with RKJ thereafter being the sole shareholder of MEH.

Financial information

We have summarised below MEH's consolidated (including subsidiaries) group financial results:

Period ended	Audited / Draft	Turnover £000	Gross profit £000	G.P. %	Director's rem. £000	Net profit after tax £000	Acc. reserves £000
31 Aug 2022	Draft	103,572	55,561	53.6	118	(13,723)	(30,409)
31 Aug 2021	Audited	75,846	37,649	49.6	711	(14,582)	(15,576)
31 Aug 2020	Audited	34,967	17,401	49.8	214	(25,962)	(347)
31 Jan 2020	Audited	98,435	54,882	55.8	950	(3,999)	25,921
31 Jan 2019	Audited	84,545	50,905	60.2	881	(1,424)	30,381

Source: Statutory Accounts from 31 Jan 2019 to 31 Aug 2021; Management Information for 31 Aug 2022

Circumstances giving rise to the appointment of the Administrators

MEH was financed by way of shareholder loans from both RKJ and MC. During the course of 2020, the Company significantly increased its borrowings from shareholders by €26.4m as a result of the negative impact to trading caused by the Covid lockdowns. The first due date for repayment of the shareholder loans fell on 29 September 2023. However, the Company had insufficient liquidity to repay the loan on time and in full. Subsequent due dates in January and March 2024 were also missed (see further details below).

In addition, following the pandemic, it was necessary for RKJ to extend further credit facilities to MEH to defer payment for stock received resulting in an increasing intercompany liability owed to RKJ. As at 8 April 2024 the total balance due to RKJ for the purchase of stock stood at £39m.

Given the financial condition of MEH and its inability to repay the shareholder loans in full at the due date, an informal standstill between RKJ, MC and MEH was agreed in January 2024, in order to allow the Company to continue to trade and facilitate shareholder discussions towards a resolution of the outstanding balances due. This standstill agreement expired on 31 March 2024. During this time, MEH remained of the view that a consensual solution may be found between the shareholders and that in the absence of a resolution, RKJ would seek to bid to continue the business.

Due to the Company having insufficient liquidity to continue to pay for the supply of stock and meet its loan obligations as they fell due, EY was engaged to carry out contingency planning for a possible insolvency on 27 November 2023.

The Company was ultimately unable to renegotiate its obligations and with the informal standstill agreement (which required the consent of RKJ and MC) expiring on 31 March 2024, the Directors took the decision to file a notice of intention to appoint administrators on 27 March 2024.

2. Purpose, conduct and end of administration

Purpose of the administration

Pursuant to paragraph 3 of Schedule B1 of the Insolvency Act 1986, 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 that the business could not be offered for sale on the open market due to the Licence Agreement entered into with RKJ (on the basis that RKJ had stated that they would terminate the Licence Agreement and would not agree to its assignment or to grant a new brand licence, to an unknown purchaser of the business) and due to the liquidity position of the Company, it was not possible to achieve objective (a). Instead, the objective being pursued is (b). A pre-pack sale of the Company's business and assets enables this objective to be achieved and represents the best available outcome for creditors as a whole and also preserves all 43 jobs at the Company (thus reducing both preferential and non-preferential unsecured claims). The only likely viable alternative would have been to place the Company into liquidation which would result in less value recovery and higher creditor claim balances.

Conduct of the administration

Pre-packaged sale of the business and assets

On 8 April 2024, the Joint Administrators completed a sale of the Company's business and certain assets of MEH, for a total consideration of £18,392,528 (including £10,392,528 in respect of the cash held in the subsidiaries purchased on a pound for pound basis).

A detailed explanation of the transaction was delivered to creditors on 12 April 2024 and is attached at Appendix E to these Proposals.

Significant assets not included in the sale agreement

The Company's cash and cash in transit were excluded from the sale. As part of the transaction and reflected in the total consideration, intercompany debts due to MEH from the subsidiaries purchased by the Purchaser have been released with value being attributed in the transaction price.

Other assets excluded from the transaction include certain business claims arising prior to completion, certain contracts including franchise agreements, stock for which title has not transferred to the Company, certain receivables including those that relate to the franchise agreements, certain trade debtors and any third-party assets.

Leasehold properties

The Company holds one leasehold property at Bedford House, 21a John Street, London, WC1N 2BF from which it operates its main office in the UK. A licence to occupy ('LTO') has been granted to MEL for this lease for a period of up to six months from the date of Administration.

Other assets realised

Since the date of appointment to 10 April 2024, £1,995 of bank interest has been received.

Joint Administrators' receipts and payments

A summary of the Joint Administrators' receipts and payments for the period from 8 April 2024 to 12 April 2024 is attached at Appendix C.

Approval of the Joint Administrators' proposals

As a consequence of the pre-pack transaction, it will be possible for there to be a return to non-preferential unsecured creditors and, accordingly, pursuant to paragraph 51 of Schedule B1 to the Insolvency Act 1986 and Rules 3.38, 15.7 and 15.8 of the Insolvency (England & Wales) Rules 2016, the Joint Administrators are seeking approval of their Proposals by deemed consent procedure. Further details of the arrangements and any steps to be taken by creditors are given in the formal notice of deemed consent delivered to creditors with these Proposals.

Invitation to establish a creditors' committee

The Rules require that whenever a decision is sought from creditors, they must also be invited to establish a creditors' committee if a committee is not already in existence. For a committee to be formed, at least three creditors (with a maximum of five creditors) must be willing to serve on the committee and they must give their consent in writing.

The creditors' committee represents the interests of the creditors as a whole, rather than the interests of certain parties or individuals. Its statutory function is to help us to discharge our responsibilities as Joint Administrators. If a creditors' committee is formed it is for that body to:

- Fix the Joint Administrators' basis of remuneration as set out in the fee estimate;
- Authorise the Joint Administrators to draw Category 2 expenses (if any) in accordance with the statement of expenses; and
- Approve the payment of unpaid pre-administration costs which were incurred with a view to the Company entering administration, as disclosed in the Joint Administrators' statement of expenses and Proposals.

Future conduct of the Administration

The Joint Administrators will continue to deal with the Administration in line with the stated objectives, namely to achieve a better result for creditors as a whole than would be likely if the Company was wound up (without first being in Administration). Future tasks will include, but are not limited to, the following:

- Dealing with post-sale matters including managing licence fee payments for the LTO and assisting with any lease and/or licence assignments;
- Ensuring that any obligations of the Company / Joint Administrators in the Sale and Purchase Agreement with the Purchaser are satisfied;

- Realising value from assets not included in the sale, including debtor balances, cash, and cash in transit;
- Investigating the extent of any other assets held by the Company and realising such assets, if applicable;
- Dealing with employee related matters including enquiries regarding their transfer under TUPE;
- Dealing with creditor enquiries and retention of title matters (as required);
- Considering the conduct of the Company's Directors prior to appointment and filing reports to the Insolvency Service;
- Reviewing the Company's tax affairs and dealing with corporation tax, VAT and other tax matters, including filing statutory returns;
- Adjudicating unsecured creditor claims;
- Making an application to Court to seek leave to distribute funds to unsecured creditors and carry out such distribution(s) as required;
- Dealing with statutory reporting and compliance obligations;
- If the Joint Administrators deem it appropriate, seeking an extension and/or further extensions to the Administration from creditors and/or the Court;
- Finalising the Administration, including the payment of all Administration expenses;
- If constituted, liaise with the creditors' committee regarding matters arising in the Administration and the approval of the Joint Administrators' remuneration and expenses.
- If a creditors' committee is not constituted, seek approval of the Joint Administrators' remuneration and expenses from creditors.
- Any other actions required to be undertaken by the Joint Administrators to fulfil the purpose of the Administration.

It is intended that the Administration will be funded by the realisations achieved from the sale of the business and certain assets referred to in previous sections, and other assets of the Company.

The end of the Administration

It is proposed that, if at the end of the Administration the Company has no property which might permit a distribution to its creditors, the Joint Administrators will send a notice to that effect to the Registrar of Companies. On registration of the notice the Joint Administrators' appointment will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986 the Company will be deemed to be dissolved three months after the registration of the notice.

If there are matters to be dealt with that require the appointment of a Liquidator (for example assets to be disclaimed), it is proposed that, at the end of the Administration, the Company will move straight into Creditors' Voluntary Liquidation upon the filing with the Registrar of Companies of a notice pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986. It is proposed that the Liquidators will be Simon Edel and

Alexander Williams of Ernst & Young LLP and that any act required or authorised under any enactment to be done by the Liquidators may be done by either or both of them.

In accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 3.60(6)(b) of the Insolvency (England and Wales) Rules 2016, creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after the receipt of these proposals and before the proposals are approved. It should be noted in this regard that a person must be authorised to act as an Insolvency Practitioner in order to be appointed as Liquidator.

3. Statement of Affairs

The Directors have not yet submitted their Statement of Affairs for the Company given the limited time which has passed since the Joint Administrators were appointed.

In the absence of a Statement of Affairs, we attach at Appendix B the Company's balance sheet as at 29 February 2024, being the most current management accounts available, as an estimate of the Company's financial position, together with a list of known creditors, including, as far as is currently known, their names, addresses and amounts owed and details of security held as at 8 April 2024.

We provide below, for information, an indication of the current position regarding creditors' claims. The figures are based on Company information and have not been subject to independent review or statutory audit.

Secured creditors

Barclays Bank Plc holds security over the Company's assets under a fixed and floating charge dated 5 February 2007 but at the date of appointment nothing was owed to them.

Preferential creditors

Primary preferential creditors

The Joint Administrators estimate the amount of primary preferential creditors at the date of the appointment to be £nil. This is on the basis that all employees transferred to the Purchaser as part of the transaction set out above.

Secondary preferential creditors

Claims from HMRC, in relation to VAT, PAYE and employees' National Insurance Contributions rank preferentially, but secondary to the primary preferential creditors above. These claims are therefore referred to as 'secondary preferential creditors'.

We estimate the amount of secondary preferential claims at the date of our appointment to be £nil.

Non-preferential creditors

These creditor claims continue to be submitted. It is estimated that total non-preferential claims will be in the region of £75m to £85m.

Investigations

If you wish to bring to our attention any matters which you believe to be relevant to the Joint Administrators' investigations into the way in which the business was conducted, please do so by emailing MEHadministration@uk.ey.com.

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 Joint Administrators understand that there are no funds due to the floating charge holder. In such circumstances a prescribed part is not set aside and all floating charge realisations net of costs are available to meet the claims of preferential and unsecured creditors.

5. Joint Administrators' remuneration and disbursements and payments to other professionals

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 website 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 Joint Administrators.

In the event that a creditors' committee is not formed, the Joint Administrators propose that their remuneration is fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration, in accordance with the fee estimate dated 12 April 2024, which is being circulated to creditors at the same time as these proposals.

Disbursements

Disbursements are expenses met by and reimbursed to the Joint Administrators. They fall into two categories: Category 1 and Category 2. The fee estimate and statement of expenses dated 12 April 2024 includes details of the Category 1 and 2 disbursements which are expected to be incurred.

Category 1 disbursements are payments to independent third parties where there is expenditure directly referable to the administration. Category 1 disbursements can be drawn without prior approval.

Category 2 disbursements are expenses that are directly referable to the administration but not to a payment to an independent third party. They may include an element of shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as remuneration. The Joint Administrators do not propose to charge Category 2 disbursements in this case.

Payments to other professionals

The Joint Administrators to date have engaged the following other professionals to assist them. They were chosen on the basis of their experience in similar assignments and/or their specialist knowledge of the market.

Name of firm	Nature of service
Simmons & Simmons LLP	Legal advisors
Aon UK Limited	Insurance brokers

No fees have been paid to date.

6. Pre-administration costs

The Joint Administrators are seeking approval for payment of unpaid pre-administration costs totalling £140,821 plus VAT. The payment of unpaid pre-administration costs as an expense of the administration is subject to approval under Rule 3.52 of the Insolvency (England & Wales) Rules 2016, and 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.

A breakdown of the total pre-administration costs incurred and amounts paid pre administration (if any) is attached at Appendix D. Further information is provided below.

Joint Administrators' costs

On 27 November 2023, EY was engaged to undertake options analysis and contingency planning work for the Company, ahead of a possible administration appointment. Fees of £462,883 plus VAT have been invoiced and paid by the Company in relation to this engagement prior to the Joint Administrators' appointment.

The Joint Administrators undertook insolvency preparations, incurring additional pre-administration fees totalling £140,821 plus VAT. Work undertaken in the period can be summarised as follows and was required to be completed pre-appointment to ensure the transaction could be facilitated with an orderly transition for the pre-pack sale:

- Negotiating and structuring the final offer with the Purchaser, including reviewing and commenting on the sale agreements (including the asset purchase agreement, share purchase agreements¹, share transfer forms and deeds of release) and LTO;
- Assessing and negotiating the offers received from the Purchaser pre-appointment for the sale of the business and certain assets;
- Assessing the tax implications arising from the transaction, including capital gains tax, VAT and intercompany debt release considerations;
- Reviewing the Company's financials in respect of the transaction and in preparation for the appointment;
- Finalising appointment documents including the Joint Administrators' consents to act, statements of prior professional relationships and notice of appointment;
- Facilitating discussions with the Purchaser to ensure a smooth transition for employees, customers and suppliers;
- Planning for media and press communication; and
- Undertaking planning for the period immediately post administration in order to deal with all matters effectively.

Third party expenses

In addition to the above, Simmons & Simmons LLP ('S&S') provided legal advice to the Joint Administrators in connection with the appointment. S&S's unpaid pre-administration costs total £nil plus VAT. This work was carried out under an

¹ A share purchase agreement was executed between the Company and Purchaser for each of MEH's individual subsidiaries across ten different jurisdictions (i.e. a total of ten share purchase agreements were executed).

engagement agreement between the Joint Administrators and S&S dated 7 February 2024 and include, amongst others:

- Drafting, collating, finalising and circulating for execution the sale agreement (including the asset purchase agreement, share purchase agreements, share transfer forms and deeds of release) and LTO;
- Drafting, collating, circulating for execution and filing of the Joint Administrators' appointment documents, including the consents to act, statements of prior professional relationships and notice of appointment; and
- Attending to ad-hoc legal matters as required.

The breakdown attached at Appendix D sets out:

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

Appendix A Statutory information

Company Information

Company Name:	Muji Europe Holdings Limited (in Administration)
Registered Office Address:	Bedford House, 21a John Street, London, England, WC1N 2BF
Registered Number:	05997094
Trading Name(s):	N/A
Trading Address(es):	Bedford House, 21a John Street, London, England, WC1N 2BF

Details of the Joint Administrators and of their appointment

Administrators:	Simon J Edel and Alexander P Williams
Date of Appointment:	8 April 2024
By Whom Appointed:	The appointment was made at the request of the Company's Directors
Court Reference:	High Court of Justice Business and Property Courts of England & Wales Insolvency and Companies List (ChD) CR-2024-001928

Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by either of them acting alone or by both of them acting jointly.

Statement concerning the EU Regulation on Insolvency Proceedings

The 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	25,276,552	25,276,552	25,276,552	25,276,552

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Current shareholding
Uriel Karsenti	Director	01/10/2023	Nil
Masato Arai	Director	01/09/2021	Nil
Naoki Yamamoto	Director	01/09/2021	Nil
Jun Yokohama	Director	01/09/2021	Nil
TLT Secretaries Limited	Secretary	13/11/2006	Nil

Appendix B Estimate of the Company's financial position

As noted above, a request has been made to the Directors to provide a Statement of Affairs as at the date of the Administration. The Directors have not yet submitted their Statement of Affairs for the Company given the limited time which has passed since the Joint Administrators were appointed. As a result, the Company's balance sheet as at 29 February 2024 is provided below as an estimate of the financial position. We have set out on the following page a list of parties which we understand may be creditors of the Company. These are not the estimated to realise values.

Muji Europe Holdings Limited (in Administration)

Assets	£'000
Tangible assets	
Property, plant & equipment	853
Other non-current assets	
Investment in subsidiaries	30,745
Total Fixed Assets	31,598
Current assets	
Inventory	16,194
Trade debtors – external	210
Trade debtors – intercompany	18,190
Prepayments	522
Cash at bank	7,371
Total Current Assets	74,086
Liabilities	
Borrowings	
Loan – RKJ and MC	(32,959)
Bank overdraft	-
Current liabilities	
Trade payables – external	(3,373)
Trade payables – intercompany	(35,365)
HMRC – PAYE & VAT	97
Accruals	(2,590)
Total Liabilities	(74,190)
Net Assets / (Liabilities)	(105)

Note

The book value amounts prepared by the Company are prepared on a going concern basis. As the Company has entered insolvency, the realisable value of the assets and the amounts due under the liabilities will be materially different. In addition, this summary takes no account of the costs of the insolvency process.

Company's creditors as at 8 April 2024

A current list of the Company's creditors including, as far as is currently known, their names, addresses and amounts owed is provided below. None of these creditors are considered to have security over the Company's assets.

This information is based on the Company's books and records available to us and will be subject to change as the Company's books and records are updated for transactions not yet posted.

No.	Creditor Name	Creditor Address	Total (£)
1	ROYHIN KEIKAKU CO., LTD	4-26-3, Higashi-Ikebukuro Toshima-Ku, Tokyo 170-8424, Japan	64,278,425
2	MITSUBISHI CORPORATION	3-1, Marunouchi 2-Chrome, Chiyoda-Ku, Tokyo, Japan	9,331,446
3	ILLUM AS	Ostergade 52, Dk-1001 Kobenhav Denmark	36,842
4	PATCH EAST	58-60 Carter Lane, London EC4V 5EA	6,238
	TOTAL		73,652,951

Appendix C Administrators' receipts and payments account for the period from 8 April 2024 to 12 April 2024

Estimated to
Realise

GBP £	RECEIPTS	Note	GBP £
	Fixed charge realisations		
N/A	Sale of business and assets		
	Shares	3	12,684,530
	Fixed Assets	3	1
	Moveable Assets	3	4,534
	Owned IP	3	1
	Goodwill	3	1
			<u>12,689,067</u>
	Floating charge realisations		
N/A	Sale of business and assets		
	Stock	3	5,667,750
	Rent Amounts	3	35,701
	Business Information	3	1
	Commercial Records	3	1
	Customer Data	3	1
	Employee Data	3	1
	Business Claims	3	1
	Trade Debtors	3	1
	Contracts	3	1
	Social Media Accounts	3	1
	Leasehold Property	3	1
	Other	3	1
	Interest Receipt		1,995
			<u>5,705,456</u>
	PAYMENTS		
			(Nil)
	Total Receipts		<u>18,394,523</u>
	Represented by:		
	Interest Bearing Account		18,394,523
	Net VAT receivable/payable		Nil
	Balance in hand		<u><u>18,394,523</u></u>

Notes

1. At this early stage, while financial information is still being prepared, it is not possible to provide meaningful estimated to realise figures.
2. Receipts and payments are stated net of VAT.
3. The Directors' Statement of Affairs is not yet available. Receipts and payments will be aligned to the Statement of Affairs in future reporting to creditors.
4. This represents the sale consideration arising from the pre-pack transaction.
5. Cash proceeds are held in an interest-bearing account accruing 1.9% p.a.
6. The Directors' Statement of Affairs is not yet available so comparative figures are not available#.

Appendix D Statement of unpaid pre-administration costs

Statement of unpaid pre-administration costs

	Administrator		Other IP		Details
	Remuneration £	Expenses £	Remuneration £	Expenses £	
Time costs	140,821	N/A	N/A	N/A	Incurred by the Joint Administrators', as explained in Section 6 of the Proposals.
Legal expenses	N/A	Nil	N/A	N/A	
Total costs incurred	140,821	Nil	Nil	Nil	
Paid before the administration					
Time costs	(Nil)	(Nil)	N/A	N/A	
Legal expenses	(Nil)	(Nil)	N/A	N/A	
Unpaid pre-administration costs	140,821	Nil	Nil	Nil	

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 this document.

Appendix E SIP 16 Letter to Creditors: Detailed Explanation of Pre-Pack Transaction

TO ALL KNOWN CREDITORS

12 April 2024

Ref: SJE/TP/AH/MEH001
Email: MEHadministration@uk.ey.com

Dear Sirs

Muji Europe Holdings Limited (in Administration) ('the Company' or 'MEH')

Trading name(s): MUJI 無印良品

Principal trading address: Bedford House, 21a John Street, London, WC1N 2BF (head office)

On 8 April 2024, the Company entered Administration and Alexander P Williams and I were appointed as Joint Administrators. The appointment was made by the Company's directors under the provisions of Paragraph 22 of Schedule B1 to the Insolvency Act 1986.

I attach formal notice of our appointment for your information.

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

Sale of the business

On 8 April 2024, we completed a sale of the Company's business and certain assets to Muji Europe Limited (the 'Purchaser'), a wholly-owned subsidiary of Ryohin Keikaku Co., Ltd (Japan) ('RKJ') for a total consideration of £18,392,528. The business and certain assets sold include MEH's fixed and moveable assets, business information, commercial records, owned intellectual property, stock, goodwill, contracts and shares in the following companies (detailed further on page 10):

- Ryohi Keikaku Europe Limited
- Muji Italia S.p.A
- Muji Spain S.L.
- Muji Portugal, LDA
- Muji Deutschland GmbH
- Ryohi Keikaku France S.A.S.
- Muji Finland Oy
- Muji Denmark ApS

- Muji Switzerland AG
- Muji Sweden Aktiebolag

In accordance with Statement of Insolvency Practice 16, a detailed explanation of the transaction is set out below.

Background

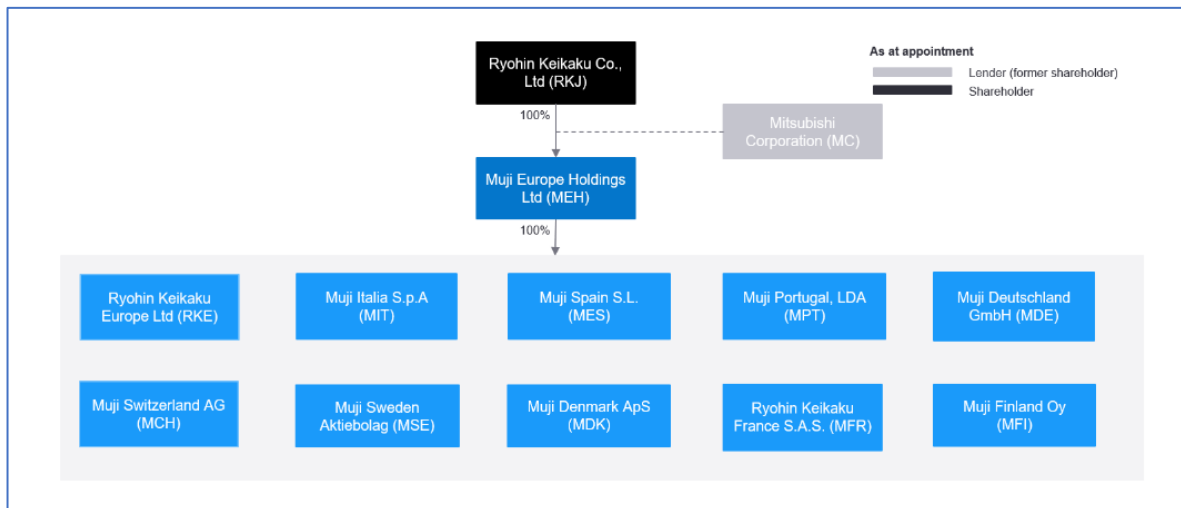
RKJ (formerly Seiyu Co., Ltd.) first established Mujirushi Ryohin (‘Muji’) in Japan in 1980 as an exclusive brand, with the principal activity being the retail sale of Japanese household and fashion merchandise and selected food products. RKJ opened the first Muji store outside of Japan in London in 1991.

The Company, MEH, was established in January 2007 by way of a Joint Partnership between RKJ (66%) and Mitsubishi Corporation (‘MC’) (34%) (‘the Joint Partnership’) and, prior to Administration, acted as a holding company operating 32 retail stores and e-commerce channels through 10 fully owned operating subsidiaries across Europe. Each subsidiary operated the stores in their respective jurisdiction. The Company’s subsidiaries were located in the United Kingdom, France, Italy, Germany, Spain, Portugal, Sweden, Switzerland, Finland and Denmark. MEH was also party to franchise agreements with entities based in Ireland and Poland.

The Company provided the central management function of the European group and was responsible for purchasing stock from RKJ for onward sale to the European subsidiaries. The Company also leased the European office headquarters in London and a warehouse in the Netherlands to store stock and employed 43 staff.

RKJ, as the sole owner of the ‘MUJI’ trademarks, brand and intellectual property, provided MEH with an exclusive brand licence Agreement (the ‘Licence Agreement’) to operate under the ‘MUJI’ brand and distribute Muji-branded products. RKJ was paid royalties for the provision of the Licence Agreement.

A summary group structure chart, as at the date of our appointment, is presented below:



Source: Management Information, Nov 2023

Causes of insolvency and circumstances giving rise to the appointment of Administrators

MEH was financed by way of shareholder loans from both RKJ and MC. During the course of 2020, the Company significantly increased its borrowings from shareholders by €26.4m as a result of the negative

impact to trading caused by the Covid lockdowns. The first due date for repayment of certain of the shareholder loans fell on 29 September 2023. However, the Company had insufficient liquidity to repay amounts due at that time in full. Subsequent due dates in January and March 2024 were also missed (see further details below).

In addition, following the pandemic, it was necessary for RKJ to extend further credit facilities to MEH to defer payment for stock received resulting in an increasing intercompany liability owed to RKJ. As at 8 April 2024 the total balance due to RKJ for the purchase of stock stood at c.£39m.

Given the financial condition of MEH and its inability to repay the shareholder loans in full at the due date, an informal standstill between RKJ, MC and MEH was agreed in January 2024, in order to allow the Company to continue to trade and facilitate shareholder discussions towards a resolution of the outstanding balances due. This standstill agreement expired on 31 March 2024. During this time, MEH remained of the view that a consensual solution may be found between the shareholders and that in the absence of a resolution, RKJ would seek to bid to continue the business.

Due to the Company having insufficient liquidity to continue to pay for the supply of stock and meet its loan obligations as they fell due, EY was engaged to carry out contingency planning for a possible insolvency on 27 November 2023.

In knowledge of the contingency planning work being undertaken, on 12 January 2024, RKJ wrote to MEH setting out that it would not be willing to consent to an assignment of the existing Licence Agreement to a new purchaser or grant any form of new licence to a third party unknown to them. Therefore, a sale of the business to RKJ via a pre-pack transaction was considered to be the only viable option available to preserve value with the most likely alternative being a liquidation of MEH.

Pursuant to a shareholder agreement dated 3 May 2007 between RKJ and MC (the 'Shareholder Agreement'), MC exercised a put option to sell all of its shareholding (34%) to RKJ at fair market value (to be determined by a firm of independent certified public accountants). The sale was completed on 20 January 2024 for consideration of JPY 1 with RKJ thereafter being the sole shareholder of MEH.

The Company was ultimately unable to renegotiate its obligations or secure additional shareholder / third party funding. In light of the informal standstill agreement (which required the consent of RKJ and MC to extend) expiring on 31 March 2024, the directors took the decision to file a notice of intention to appoint administrators on 27 March 2024.

Trading performance

A summary of the Company's consolidated (including subsidiaries) trading performance is outlined below:

	Audited	Audited	Audited	Draft	Draft
GBP millions	31 Jan 2020	31 Aug 2020	31 Aug 2021	31 Aug 2022	31 Aug 2023
Total revenue	98.4	35.0	75.8	103.6	142.7
Gross Profit	54.9	17.4	37.6	55.6	66.5
Net Profit	(4.0)	(26.0)	(14.6)	(13.7)	(5.3)
Net Assets	25.9	(0.3)	(15.6)	(30.4)	(37.0)

Source: Statutory Accounts for 31 Jan 20, 31 Aug 20 and 31 Aug 21; Management Information for 31 Aug 22 and 31 Aug 23

The Company's trading performance was severely impacted by the effects of Covid, with revenue dropping by 39.1% (pro-rated) and net losses widening to £26m in the seven months to 31 August 2020.

Whilst revenue and profitability improved, losses in the years to 31 August 2021 and 2022 remained high at £14.6m and £13.7m, respectively. Draft results for the year to 31 August 2023 indicate total losses of £5.3m and an erosion of net liabilities to £37m.

Financial position

Following the weakening of its trading position since the onset of Covid, the Company increased borrowings from its parents, RKJ and MC, by way of unsecured shareholder loans issued pursuant to the terms of the Shareholder Agreement which stated that the Company's parents may provide necessary funding to support the operations and activities of the Company in proportion to their shareholding ratios. The Company's solvency position came under significant pressure in late 2023 and early 2024 as these shareholder loans fell due.

A summary of the shareholder loans outstanding (before interest) as at the date of appointment is outlined below:

Loan	Date	Loan from RKJ – Principal	Loan from MC - Principal	Total - Principal	Repayment date	Status
1	31 May 2019	€7.9m	€4.1m	€12.0m	29 Jan 2024	Overdue
2	2 Apr 2020	€13.2m	€6.8m	€20.0m	28 Mar 2024	Overdue
3	31 Jul 2020	£5.6m / €6.4m	Nil	£5.6m / €6.4m	29 Sep 2023	Overdue
Total Outstanding		€27.5m	€10.9m	€38.4m		

Source: Management Information, MEH Financials Feb-2024

All three loans have outstanding balances remaining that are overdue as a result of the Company having insufficient liquidity to make the required repayments.

In addition to the overdue shareholder loans of €38.4m, the Company also owed c.£39m to c.3 trade creditors at the date of appointment, with the largest balance being c.£38.9m due to RKJ for the purchase of Muji-branded stock.

An overview of the Company's financial position is detailed below:

Company Muji Europe Holdings Limited

	<i>LATEST</i>				
Currency: £ 000	31-Aug-20	31-Aug-21	31-Aug-22	31-Oct-23	29-Feb-24
Fixed assets	31,633	36,031	28,332	31,633	31,598
Stock - goods for resale	29,178	24,547	19,823	17,829	16,194
Debtors	15,680	18,705	22,007	18,429	18,833
Cash at bank and in hand	16,473	20,235	16,031	8,407	7,461
Current assets	61,330	63,486	57,862	44,665	42,488
Creditors	(57,279)	(83,546)	(42,710)	(38,204)	(41,231)
Current liabilities	(57,279)	(83,546)	(42,710)	(38,204)	(41,231)
Creditors	(17,850)	-	(40,648)	(36,449)	(32,959)
Non-current liabilities	(17,850)	-	(40,648)	(36,449)	(32,959)
Net assets/ liabilities	17,834	15,972	2,837	1,645	(105)
Capital and reserves					
Called up share capital	25,277	25,277	25,277	25,277	25,277
Share Premium	511	511	511	511	511
Retained Earning B/F	-	-	(22,951)	(22,180)	(23,979)
Profit and Loss Account	(7,954)	(9,816)	-	-	-
Retained Earnings for Year	-	-	-	(710)	(1,914)

Source: Management Information, MEH Financials Feb-2024

Initial introduction to the Company

EY in Japan and elsewhere has provided tax, legal and consulting advice to RKJ since early 2021. Legal and Consulting teams from EY were subsequently engaged to provide legal and data compliance advice to the Company and its subsidiaries from July 2023.

As a result of the Company's inability to repay the shareholder loans, EY's Restructuring team was approached by the Company's shareholder, RKJ in October 2023 to consider the financial position of MEH and its subsidiaries and advise on potential options to deal with the Company's indebtedness. This engagement was subsequently extended to include providing project management (excluding direct commercial negotiations) support to RKJ in respect of setting up an acquisition vehicle and evaluating material issues that could impact the continuity of the business in a scenario where that vehicle acquired the business and certain assets of the Company. As the Company experienced difficulties in being able to renegotiate its loans, a separate, ringfenced EY team was then engaged to consider options analysis and carry out contingency planning for a possible insolvency (or other restructuring process such as a CVA or Restructuring Plan) on 27 November 2023.

As set out above, RKJ had written to MEH confirming that they would not extend the Licence Agreement to a third party. Legal advice in respect of the validity of the Licence Agreement suggests that the licence is terminable by RKJ on insolvency and that an insolvency practitioner would be unable to trade stock (MEH's primary asset) without breaching the Licence Agreement. Therefore, a sale of the business to RKJ via a pre-pack was considered to be the least value destructive option available. The alternative would be a liquidation of the Company with no/limited ability to sell stock for value. RKJ stated that it would seek to bid for the business and assets of MEH through an acquisition vehicle.

Consultation with major creditors

RKJ, who hold approximately 71% of the Company's debt, was consulted throughout the process.

By virtue of representatives from MC holding positions on the board of MEH (prior to MC exercising the put option on 20 January 2024 referred to above), MC were made aware that a pre-pack administration was a likely outcome to the contingency planning being undertaken.

Registered charges

The Company has the following registered charge(s):

Date of creation of charge	Date of registration of charge	Details of charge	Name of charge holder
5 February 2007	20 February 2007	Floating charge	Barclays Bank Plc

The floating charge security in favour of Barclays Bank Plc was provided in return for an overdraft facility made available to the Company in February 2007. As at the date of appointment, the total drawn on the overdraft facility was £nil. A written notice of intention to appoint the Joint Administrators was issued to Barclays by the directors pursuant to paragraph 26 of Schedule B1, Insolvency Act 1986 on 27 March 2024.

Post-appointment considerations

As set out above, the Joint Administrators determined that it would not be possible to offer the business for sale as a going concern to the open market on the basis that RKJ stated its intention to terminate the Licence Agreement that MEH operated under. RKJ made clear that in order to protect the MUJI brand, it was not willing to grant a similar licence to an unknown third party. Importantly, the Licence Agreement provided that it was terminable on insolvency by RKJ. The most likely relevant alternative to a pre-pack sale was therefore a liquidation and wind down of the Company with the ability to realise stock, being the Company's primary asset, severely in doubt without having the benefit of a Licence Agreement.

The role of the Administrators and the statutory purpose of administration

When the Company entered Administration on 8 April 2024, our role changed. In the period from 27 November 2023, when EY was engaged by the Company, up to the date of Administration, our role was to carry out the work we have described earlier in this letter, leading up to a pre-pack sale of the business. When the Company entered Administration, we became responsible for executing the sale and for managing the affairs, business and property of the Company in accordance with the statutory objectives of the Administration. We are also responsible for preparing proposals for achieving the purpose of 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); or
- c) To realise property in order to make a distribution to one or more secured or preferential creditors.

Given that the business could not be offered for sale on the open market due to the Licence Agreement provided by RKJ and due to the liquidity position of the Company, it was not possible to achieve objective (a). Instead, the objective being pursued is (b). A pre-pack sale of the Company's business and assets enables this objective to be achieved and represents the best available outcome for creditors as a whole and also preserves all 43 jobs at the Company (thus reducing both preferential and non-preferential unsecured claims). The only likely viable alternative would have been to place the Company into liquidation which would result in less value recovery and higher creditor claim balances.

Marketing of the business and assets

As set out above, on 12 January 2024, RKJ wrote to MEH to confirm that it would not agree to an assignment of the Licence Agreement, or grant a new brand licence, to an unknown purchaser of the business. The business could not therefore be marketed for sale due to the Licence Agreement previously referred to.

As the only possible purchaser of the business, negotiations with RKJ commenced in early March 2024. Ultimately an offer of £18,392,528m was made by the Purchaser for the Company's business and certain assets on 5 April 2024. The sales consideration comprises £8,000,000 in respect of the business and certain assets of MEH plus £10,392,528 in respect of the cash held in the Company's subsidiaries.

We are of the opinion that it was not possible to comply with the 'Marketing Essentials' set out in Statement of Insolvency Practice 16 due to the Licence Agreement. As referred to above, with RKJ having stated that it would not extend the Licence Agreement to a third party, it was not possible to offer the business for sale on the open market.

Valuation of the business and assets

Enterprise value

Given that it was not possible to market the business and assets of MEH, Grant Thornton UK LLP ('GT') and Evelyn Partners ('Evelyn') were engaged by MEH to provide desktop valuations of the Company's business and assets on an enterprise value basis and with the Licence Agreement intact to help determine value in the absence of a marketing process.

GT and Evelyn were both engaged in December 2023 to provide initial valuations of the Company's business and assets based on October and November 2023 financials, respectively. These valuations were then refreshed based on updated financial data.

A summary of the final valuation outputs is set out below:

MEH Group All values stated in GBP £'000		ENTERPRISE VALUE			
		GRANT THORNTON		EVELYN	
		Low	High	Low	High
GOING CONCERN BASIS					
Income Approach		2,231	2,413	8,183	11,028
Market Approach		2,575	3,862	5,281	13,185
Unadjusted Average EV		2,403	3,137	6,732	12,107
<i>Adjustments</i>					
GT: Catch-Up CAPEX		(2,000)	(2,000)	-	-
Evelyn: Surplus Asset		-	-	1,951	1,951
Adjusted Income Approach		231	413	10,134	12,979
Adjusted Market Approach		575	1,862	7,232	15,136
Adjusted EV		403	1,137	8,683	14,058
AMA BASIS					
<i>Adjustments</i>					
Evelyn: remove Surplus Asset		-	-	(1,951)	(1,951)
		403	1,137	6,732	12,107
<i>Discount to Going Concern Basis</i>		30%	30%	55%	45%
		282	796	3,029	6,659
Evelyn: add back Surplus Asset		-	-	1,951	1,951
Concluded Average Enterprise Value		282	796	4,980	8,610

Source: GT' Final Report dated 2 April 2024; Evelyn's Final Report dated 4 April 2024

The valuations use both income and market valuation approaches. The income approach is based on a capitalisation of earnings approach whereas the market approach values a company by applying trading multiples such as EV/EBITDA derived from similar publicly listed companies.

The valuation conclusions vary partly because GT used the actual results for the 5 months period to 31 January 2024 and the adjusted budget for the 7 month period to 30 August 2024 as the basis of their valuation. Evelyn's initial basis was the Company's more optimistic forecasts. The Evelyn valuation also included a positive adjustment to account for perceived surplus working capital in the business, whereas the GT valuation included a deduction for catch-up capital expenditure that would likely be required to maintain the stores. We understand that Evelyn reflected a high AMA discount to adjust for the accrued going concern risks embedded in the forecasts and potential operating liabilities (onerous leases) that may arise post transaction.

Stock

A sale of stock (the vast majority of which is branded) to any third party in the absence of a brand licence would likely be subject to significant legal challenge, which would deny an administrator's ability to trade and realise value for the benefit of creditors. Nevertheless, independent stock valuations were conducted in order to help provide a comparator against the most likely alternative to a pre-pack being a liquidation of MEH with the assumption that the Liquidator would be able to negotiate a temporary licence to trade stock.

A desktop stock valuation was sought from Hilco Valuation Services ('Hilco') on a European group wide basis on *in-situ* and *ex-situ* bases. The *in-situ* valuation assumes the stock is sold as a whole for use in its working place (i.e. the stores being operated by a new purchaser). The *ex-situ* valuation assumes the stock is sold as a whole for removal from the premises at the expense of the purchaser, this being the more likely outcome in a liquidation scenario (assuming an agreement regarding the continued use of the Licence Agreement could be reached). The Hilco stock valuations did not account for any selling

costs. Without such agreement from RKJ, the stock would likely need to be abandoned and would not provide any value to creditors.

Evelyn also provided a stock valuation on the assumption that an acquirer would be able to sell the stock through the stores over a 2-3 month period.

A summary the valuation outputs is set out below:

	EVELYN				HILCO			
	NBV	Net Sale	Low	High	NBV	Net Sale	Ex Situ	In Situ
GBP £'000	24,963	24,963	8,591	15,744	22,797	22,112	2,308	9,170

Source: Evelyn's Final Report dated 4 April 2024; Hilco's Draft Inventory Report dated 13 March 2024

In addition to the above stock valuations, Gordon Brothers were engaged to provide a second opinion on the valuation and work performed by Hilco. Gordon Brothers concurred with Hilco's basis of valuation, assumptions and reported projected market values.

Having assessed that the Purchaser's offer of £8m (excluding cash held in the subsidiaries) aligned with the upper range of the enterprise valuations provided, the Joint Administrators concluded that their statutory objectives had been met.

Whilst it is unlikely that the group's stock could be realised for value in the absence of a brand licence, the Administrators gained further comfort that the sale consideration (excluding cash held in the subsidiaries) was well above the *ex-situ* stock value that may be achieved in a liquidation of the group (with the benefit of a brand licence) provided by Hilco. It should be noted that the Hilco *in-situ* stock valuation is before any associated costs of trading the business in insolvency, which would be extensive particularly given the European wide footprint and further suppress stock realisable value in an insolvency trade out scenario (noting that would require concessions and support from RKJ). Whilst the sale consideration of £8m is below the stock value range provided by Evelyn, it remains the case that the most likely scenario in any alternative to a pre-pack is that stock could not be realised for value in the absence of a brand licence from RKJ.

All valuers have confirmed their independence, possess the skills and knowledge necessary to undertake the valuations competently and carry adequate professional indemnity insurance.

The transaction

As previously stated, the pre-pack sale was completed on 8 April 2024.

The Purchaser is Muji Europe Limited, a company incorporated on 24 November 2023 and a wholly owned subsidiary of RKJ.

The directors of the Purchaser are Masato Arai, Uriel Karsenti and Jun Yokohama and all three were directors of MEH at the date of appointment.

Therefore, there is a known connection between the Purchaser and the Company's shareholder and directors.

RKJ is a major creditor of the Company being owed c.£25.3m in respect of loans provided to the Company and c.£39m as a trade creditor in respect of the supply of stock.

We are not aware of any guarantees given by the directors for amounts due from the Company to a prior financier.

The assets

The assets sold comprise the following:

Description of the asset	Net Book Value at 29 Feb 2024	Purchase consideration		Total realisations
		Fixed charge realisations	Floating charge realisations	
Goodwill	-	1	-	1
Moveable Assets	744,638	4,534	-	4,534
Owned IP	-	1	-	1
Fixed Assets	108,457	1	-	1
Shares	30,745,084	12,684,530	-	12,684,530
Ryohi Keikaku Europe Ltd	-	3,277,327	-	3,277,327
Muji Italia S.p.A	-	2,732,532	-	2,732,532
Muji Spain S.L.	-	559,968	-	559,968
Muji Portugal, LDA	-	1,120,331	-	1,120,331
Muji Deutschland GmbH	-	2,796,798	-	2,796,798
Ryohi Keikaku France S.A.S.	-	1,040,451	-	1,040,451
Muji Finland Oy	-	337,493	-	337,493
Muji Denmark ApS	-	550,459	-	550,459
Muji Switzerland AG	-	171,231	-	171,231
Muji Sweden Aktiebolag	-	97,940	-	97,940
Business Claims	-	-	1	1
Business Information	-	-	1	1
Commercial Records	-	-	1	1
Contracts	522,430	-	1	1
Customer Data	-	-	1	1
Employee Data	-	-	1	1
Leasehold Property	-	-	1	1
Other	-	-	1	1

Receivables/Trade Debtors	18,364,663	-	1	1
Rent Amounts	35,701	-	35,701	35,701
Social Media Accounts	-	-	1	1
Stock	16,193,572	-	5,667,750	5,667,750
Total	66,714,545	12,689,067	5,703,461	18,392,528

The transaction is in respect of the business and certain assets of MEH.

Sale consideration

As previously stated, the total purchase consideration was £18,392,528.

The sale consideration was paid in full on completion. The sales consideration comprises £8,000,000 in respect of the business and certain assets of MEH plus £10,392,528 in respect of the cash held in the subsidiaries (purchased on a pound for pound basis) on the basis that the enterprise valuations are provided on a debt free, cash free basis.

No security was given or undertaken under the transaction.

All employees of the Company transferred to the Purchaser upon completion under TUPE regulations.

Significant assets not included in the sale agreement

The Company's cash and cash in transit were excluded from the sale. As part of the transaction and reflected in the total consideration, intercompany debts due to MEH from the subsidiaries purchased by the Purchaser have been released with value being attributed in the transaction price.

Other assets excluded from the transaction include certain business claims arising prior to completion, certain contracts including franchise agreements, stock for which title has not transferred to the Company, certain receivables including those that relate to the franchise agreements, certain trade debtors and any third-party assets.

Connected party transaction

In accordance with SIPs 13 and 16, the Purchaser has approached an independent evaluator and obtained an opinion on the transaction. The opinion is dated 5 April 2024 and is attached to this letter. The opinion confirms that the grounds for the proposed pre-pack were reasonable.

Administrators' proposals and remuneration

In accordance with Paragraph 49(5) of schedule B1 to the Insolvency Act 1986, the Joint Administrators have prepared their Statement of Proposals which are available for viewing at <https://www.ips-docs.com/>, using Creditor Key Code MEH001 (case sensitive). We have also set out our proposals for remuneration and will seek approval for the basis of our remuneration. The statutory provisions relating to remuneration are set out in Chapter 4, Part 18 of the Insolvency (England and Wales) Rules 2016 (the 'Rules'). 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 website 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 Joint Administrators.

Creditors' claims

Please note that debts incurred by the Company before our appointment will rank as unsecured claims against the Company. Any sums due to the Company arising after our appointment must be paid in full and without set-off against any debts incurred by the Company prior to our appointment.

The Company's directors are required to submit a statement of affairs to us and you will appreciate that the full financial position is not yet known.

Should you wish to submit a claim together with your supporting documentation and banking information, you can do so by accessing the website and using the unique login details and instructions that have been posted to you. If you have not received a letter from the Joint Administrators including unique login details by 26 April 2014, please contact me at MEHadministration@uk.ey.com to request your unique login details. Alternatively, a hard copy proof of debt form can be downloaded from https://www.ey.com/en_uk/muji-europe-holdings-limited and emailed to me, with supporting documentation, to MEHadministration@uk.ey.com.

Certain debts due from the Company may be preferential in accordance with section 386 of the Insolvency Act 1986. If you consider that you have a claim in this category, please advise me immediately. If you hold any security for your claim or you consider that you have title to any assets in the Company's possession, please forward details to me as soon as possible.

You may be entitled to VAT bad debt relief on debts arising from supplies more than six months old. This procedure does not involve the Administrators and claims should be made directly to HM Revenue and Customs.

Opting out

Under the provisions of Rule 1.39, creditors have the right to elect to opt out of receiving further documents relating to the Administration.

If you do elect to opt out you will still receive the following documents:

- any which the Insolvency Act requires to be delivered without expressly excluding opted-out creditors;
- notice relating to a change in the Administrators, or their contact details;
- notice of dividend or proposed dividend; or
- a notice which the court orders to be sent to all creditors, or all creditors of the particular category to which you belong.

Any election to opt-out will not affect your entitlement to receive dividends, if any are paid.

Unless the Rules provide to the contrary, opting-out will not affect your rights to vote in a decision procedure or participate in a deemed consent procedure, although you would not receive notice of such procedures.

Any opted-out creditors will be treated as opted out in respect of any consecutive insolvency procedure which might follow the Administration.

You may opt-out by delivering an authenticated (e.g. signed) and dated notice to me stating that you are electing to be an opted-out creditor in relation to this Administration. You may at any time revoke this

election by delivering to me an authenticated and dated notice stating that you no longer wish to be an opted-out creditor.

Notification that future documents will be made available on a creditors' portal

As advised in the Joint Administrators' initial notice to all known creditors and members of the Company dated 10 April 2024, future documents in the Administration, other than those described at the end of this letter, will be made available for viewing and downloading at the following web address <https://www.ips-docs.com/>, using Creditor Key Code MEH001 (case sensitive) without any further notification from me. When viewing documents you can either use your unique ID noted above or 'password'.

The same documents will also be made available (however potentially later) for viewing and downloading from https://www.ey.com/en_uk/muji-europe-holdings-limited without any further notification from me.

I will not be obliged to deliver (i.e., send) any such documents to you, unless specifically requested by you.

You may at any time request a hard copy of any or all of the following:

- All documents currently available for viewing on the website.
- All future documents which may be made available there.

If you do wish to receive a hard copy of the document(s), please email at MEHadministration@uk.ey.com, or write to me, using the contact details at the top of this letter and a copy will be sent to you.

Documents to be uploaded to the website may include, but are not limited to, the following (not that timings are indicative only):

- The Administrators' statement of proposals.
- Fee estimates and statements of expenses.
- Notices seeking a decision from creditors on matters arising in the Administration (e.g. approval of remuneration, extension of the Administration) – at any time.
- Invitations to form a creditors' committee – at any time that a decision is sought from creditors and there is not already a committee in existence.
- The Administrators' progress reports – within one month of the end of each 6-month period starting with the date of Administration.
- The Administrators' final progress report – as soon as reasonably practicable after the end of the Administration.

The following documents will still be delivered by post or email:

- Any document for which personal delivery is required.
- Any notice of intention to declare a dividend.

- Any document which is not delivered generally (i.e. which is not sent to all known creditors or members).

Other matters

If there are any matters concerning the Company's 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.

If you require any further information or explanation, please do not hesitate to contact MEHadministration@uk.ey.com.

Yours faithfully
for Muji Europe Holdings Limited (in Administration)



S J Edel
Joint Administrator

Enc Notice of Administrators' Appointment
 Evaluator's opinion

Simon J Edel and Alexander P Williams are licensed in the United Kingdom to act as Insolvency Practitioners by the Insolvency Practitioners Association.

The affairs, business and property of the Company are being managed by the Joint Administrators, Simon J Edel and Alexander P Williams, who act as agents of the Company 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 Company 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.

Notice of Administrator's Appointment

Paragraph 46 of Schedule B1 to the Insolvency Act 1986 and Rule 3.27 of the Insolvency (England and Wales) Rules 2016

Name of Company Muji Europe Holdings Limited (in Administration)	Company number 05997094
In the High Court of Justice Business and Property Courts of England & Wales Insolvency and Companies List (ChD) <small>[full name of court]</small>	Court case number CR-2024-001928

(a) Insert full name(s) and address(es)

We (a) Simon J Edel of Ernst & Young LLP, 1 More London Place, London, SE1 2AF and Alexander P Williams of Ernst & Young LLP, 1 More London Place, London, SE1 2AF

give notice that we were appointed as Joint Administrators of the above Company on:

(b) Insert date

(b) 08 April 2024

Signed 

Signed 

Dated 08 April 2024

Dated 08 April 2024

Joint Administrators IP Nos 9810

22270



EVALUATOR'S REPORT

Pursuant to The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021

Muji Europe Holdings Limited

Date of Report: 5 April 2024

Prepared by:
Compass Evaluator Reports Limited
James House, Yew Tree Way
Golborne, Warrington
WA3 3JD

Company Number 13288603

Kevin Murphy
kevin@compassevaluatorreports.co.uk



Contents & Abbreviations

Contents

1. Introduction and Background
2. Executive Summary
3. The Requirements for Acting as Evaluator
4. The Connected Person(s)
5. The Relevant Property
6. The Evaluator’s Decision
7. Information Relied Upon
8. Previous Evaluator Reports

Appendices

- Appendix I Evaluator Bio

The following abbreviations or references are used in this report:

- The Act: The Insolvency Act 1986 (as amended)
- The Regulations: The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021. Unless otherwise stated, any reference to ‘Regulation’ within this document is a reference to this legislation.
- The Company: Muji Europe Holdings Limited (MEH)
- Substantial disposal: This has the meaning given to it in Regulation 3, i.e., a disposal, hiring out or sale to one or more connected persons during the period of 8 weeks beginning with the day on which the company enters administration of what is, in the administrator’s opinion, all or a substantial part of the company’s business or assets and includes a disposal which is effected by a series of transactions.
- Relevant property: This means the property being disposed of, hired out or sold as part of the substantial disposal as defined in Regulation (See Section 5.)
- Connected Person(s): As defined in paragraph 60A (3) of Schedule B1 of the Act. (See Section 4.)
- Proposed Administrators: Simon Edel and Alexander Paul Williams from EY Parthenon who are licenced Insolvency Practitioners, authorised and regulated by the IPA.
- Valuation agents: Grant Thornton UK LLP, Evelyn Partners LLP, Gordon Brothers and Hilco Valuation Services have valued the Company assets
- The valuation agents possess the requisite knowledge of the market for the type of asset being valued and the skills and understanding necessary to undertake the valuation competently.
- Purchaser: Muji Europe Limited.
- Secured Creditor: Barclays Bank PLC – although no debt is owed.
- TUPE: Transfer of Undertaking (Protection of Employment) Regulations 2006.

1. INTRODUCTION AND BACKGROUND

- 1.1. I, Kevin Murphy, Managing Director of Compass Evaluator Reports Limited, confirm that I meet the requirements for acting as an Evaluator specified in Part 3 of the Regulations.
- 1.2. This report has been requested by the Purchaser. The Purchaser is considered a connected person in relation to the substantial disposal of the Company.
- 1.3. I am required to determine whether I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.
- 1.4. Ryohin Keikaku Co., Ltd ('RKJ') first established Muji in Japan in 1980 as its private brand, with the principal activity being the retail sale of Japanese household and fashion merchandise and selected food products.
- 1.5. The Company was established in January 2007 by way of a Joint Partnership between RKJ and Mitsubishi Corporation ('MC') and acted as a holding company operating 32 stores through 10 fully owned operating subsidiaries across Europe.
- 1.6. The Company provided the central management function of the European group and was responsible for purchasing goods from RKJ for onward sale to the European subsidiaries. RKJ provided MEH with an exclusive licence to operate under the 'MUJI' brand and distribute Muji-branded products and was paid royalties for the provision of this licence.
- 1.7. During 2020, the Company significantly increased its borrowings from shareholders as a result of the negative impact to trading caused by the Covid lockdowns.
- 1.8. The Company had insufficient liquidity to continue to pay for the supply of stock from RJK and meet its shareholder loan obligations as they fell due. In January 2024, RJK acquired the MC shares.
- 1.9. The Company is currently unable to pay its debts as and when they fall due, and the directors of the Company – having taken professional advice on the options available - have concluded that the Company is no longer able to continue trading as a going concern. A Notice of Intention to Appoint an Administrator has been filed in Court and the appointment of the Proposed Administrators is understood to be imminent.
- 1.10. The Proposed Administrators have been seeking to maximise realisations from the assets of the Company and maximise the funds available to creditors of the Company. An offer – from a Connected Person – has been received which is considered the best achievable in the circumstances by the proposed administrators and represents the best outcome for stakeholders in the circumstances.

2. EXECUTIVE SUMMARY

- 2.1. I have formed the following opinion in this case:

CASE MADE

I **AM SATISFIED** that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

- 2.2. The factors considered in forming this opinion are detailed in full within my report at section 6.

3. THE REQUIREMENTS FOR ACTING AS EVALUATOR

- 3.1. I confirm that I meet the requirements for acting as an Evaluator set out in Part 3 of the Regulations.
- 3.2. I am satisfied that I have the relevant knowledge and experience required to act as Evaluator and I include a summary of my qualifications and experience at Appendix 1.
- 3.3. The Proposed Administrators have not raised any objections to my suitability as an Evaluator.
- 3.4. I confirm that I meet the requirements of independence within Regulation 12, as follows:
- I am not connected with the Company.
 - I am not an associate of the connected person or connected with the connected person.
 - I do not know of or have reason to believe that I have a conflict of interest with respect to the substantial disposal.
 - I have not, at any time during the period of 12 months ending with the date on which this report is made provided advice to, and in respect of, the Company or a connected person in relation to the Company –
 - In connection with, or in anticipation of, the commencement of an insolvency procedure under Parts A1 to 5 of the Act, or
 - In relation to corporate rescue or restructuring.
- 3.5. I am not excluded from acting as an Evaluator for any of the reasons outlined in Regulation 13.
- 3.6. I confirm that I meet the requirements as to insurance specified in Regulation 11.
- 3.7. Details of the professional indemnity insurance for Compass Evaluator Reports Limited are as follows:
- Axa Insurance Plc.
 - Policy number AC SPI 4331301.
 - Expiry date 22 August 2024.
 - Professional indemnity cover limit of £1,000,000 for any one claim.
 - Risks covered: Misc Professional Indemnity breach of professional duty.
 - Exclusions from cover: Misc to include Directors’ and Officers’ liabilities, deliberate acts and omissions, virus exclusion, dishonesty, and fraud. (Full details available on request.)

4. THE CONNECTED PERSON(S)

- 4.1. Based on available information, connected persons include the following:

Name of connected person	Nature of the connection
Muji Europe Limited	Purchaser.
Masato Arai	Director of both the Purchaser and the Company.
Uriel Karsenti	Director of both the Purchaser and the Company.
Jun Yokohama	Director of both the Purchaser and the Company.
RKJ	Shareholder of both the Company and the Purchaser, and majority creditor of the Company

5. THE RELEVANT PROPERTY

5.1. The assets being sold are considered to constitute a substantial disposal and they have been professionally valued by the Proposed Administrator's appointed valuation agents.

5.2. The Purchaser is acquiring whatever right, title and interest the Company has in the following assets:

- Goodwill, business name and brand name
- Commercial Records
- Customer Data
- Business Claims
- Stock
- Rent deposits
- Tangible fixed and moveable assets
- Contracts
- The entire issued share capital of the following wholly owned subsidiaries (the subsidiaries) of the Company:
 - Ryohin Keikaku Europe Limited, a company incorporated and registered in England and Wales;
 - Ryohin Keikaku France S.A.S., a company incorporated and registered in France;
 - Muji Italia S.p.A, a company incorporated and registered in Italy;
 - Muji Deutschland GmbH, a company incorporated and registered in Germany;
 - Muji Spain S.L, a company incorporated and registered in Spain;
 - Muji Portugal LDA, a company incorporated and registered in Portugal;
 - Muji Finland Oy, a company incorporated and registered in Finland;
 - Muji Denmark ApS, a company incorporated and registered in Denmark;
 - Muji Sweden AB, a company incorporated and registered in Sweden; and
 - Muji Switzerland AG, company incorporated and registered in Switzerland

5.3. Total consideration is stated to be £8m in respect of the business and assets of the Company plus an amount in GBP equal to the value of cash held by the Subsidiaries at completion, understood to be likely in the region of c£8.2m.

5.4. The consideration is payable in full on completion.

5.5. Additionally, intercompany debts due to MEH from the subsidiaries purchased by the Purchaser have been forgiven with value being attributed in the transaction price.

5.6. The offer also excludes cash at bank in the Company, understood to be likely in the region of c£0.1m at completion.

6. THE EVALUATOR'S DECISION

6.1 In accordance with Regulation 7, I am satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

6.2 My principal reasons for this opinion are as follows:

- 6.2.1 The assets have been professionally valued by the Proposed Administrator's appointed valuation agents, who possess the requisite knowledge of the market for the type of asset being valued. The valuation agents are recognised professionals in the industry and are regulated by the industry professional bodies.
- 6.2.2 The Proposed Administrators have been seeking to maximise realisations from the Company assets. RKJ had advised both the Company and proposed administrators that they would not be willing to consent to an assignment of the existing Licence Agreement to a new purchaser or grant any form of new licence to any unknown third party. Therefore, a sale of the business to a party owned or controlled by RKJ was considered to be the only viable option available to preserve value with the most likely alternative being a liquidation of the Company. In the timescale available to the Proposed Administrators, necessitated by the Company financial position and the need to provide certainty to all stakeholders, an offer has been received - from a connected party - which is considered the best achievable in the circumstances by the Proposed Administrators and represents to best outcome for creditors.
- 6.2.3 The consideration offered for all the assets is in excess of the valuation agents' opinion of the market value of the assets on an ex-situ / cessation of trading basis, prior to any realisation and disposal costs in that scenario, in addition to ongoing holding costs. In the event of a piecemeal disposal of all assets, the realisations from all categories of assets would be reduced. The proposed connected party sale therefore provides for better realisations than would be the case on a break-up. Based on a review of the Proposed Administrators Estimated Outcome Statement, the connected party deal provides a better outcome for both the preferential and ordinary unsecured creditors, as well as the employees and creditors of the subsidiaries.
- 6.2.4 The deal provides for a solvent acquisition of the 10 subsidiaries, so any creditors of the subsidiaries will continue to be paid to terms and be paid in full. In the event of a cessation of trade in an Administration or Liquidation scenario, the solvent solution would not be an option, to the detriment of the customers, suppliers and employees of the subsidiaries. The proposed pre pack therefore provides for a better outcome than would be the case on a Group wide Administration and wind down or Liquidation.
- 6.2.5 All employees within the Company and the subsidiaries associated with the business being acquired will transfer under TUPE to the Purchaser, avoiding a significant claim (Est £1.1m) against the National Insurance Fund.
- 6.2.6 The alternative to the current sale is for the assets to be sold piecemeal and the Company placed into Administration for the purposes for an orderly wind down, or Liquidation. That will however result in a significant reduction in value for the business and assets of the Company, given the nature of the Company activities, and will also lead to increased holding and disposal costs, and increased claims against the Company.
- 6.2.7 The Purchaser will continue to occupy the Company trading premises and, in the process, look to mitigate a claim from the landlord in respect of rent and dilapidations.

- 6.2.8 Even though the consideration is all payable on completion, I have been provided with 5 year projections for the Purchaser which indicates that the Purchaser should be viable during that period.
- 6.2.9 The Purchaser has indicated that it will make a number of operational changes and better manage costs and carry out a rationalisation exercise if necessary to allow the business to be viable going forwards. The Purchaser will not be responsible for the Company's significant shareholder loans being paid, and will benefit from significant additional working capital being introduced to the Purchaser by RKJ at completion, which will best allow the purchaser to be viable.
- 6.2.10 The Purchaser has indicated that it will have a sustainable, debt-free, right-sized balance sheet and any cash generated from retail operations will not be required to service debt and the Purchaser has also indicated that the Muji business in Europe is now under new management.
- 6.2.11 I offer no opinion on the viability of the Purchaser.

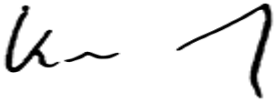
7. INFORMATION RELIED UPON

- 7.1. In forming my opinion, I have relied on my discussions with, and information provided by, the connected persons, the Proposed Administrators, and the valuation agents instructed by the Proposed Administrators. This includes the following:
- Compass Evaluator Reports application/information request form
 - Valuation report from the agents
 - Offer
 - Company financial information
 - Financial information for the Purchaser
 - Correspondence with the Proposed Administrators
 - Estimated Outcome Statement and draft SIP 16 statement
 - The Company's Website
- 7.2. I have also relied on information freely available in the public domain.
- 7.3. I have relied upon the accuracy of the information as provided to me in forming my opinion. I have not carried out an audit or other verification of the information received. The Proposed Administrators are licenced Insolvency Practitioners with legal duties and obligations to creditors and their regulatory body, as such the decision whether to enter into the sale is for them to determine. As such, I offer no opinion on the decision to enter into the sale.
- 7.4. In addition to the sale of the business and assets, the Proposed Administrators have investigative powers available to them post appointment that may further enhance asset realisations.
- 7.5. The extent of my work is limited to providing the opinion specified in the Executive Summary.

8. PREVIOUS EVALUATOR REPORTS

8.1 Regulation 8 does not apply, as I am advised that no previous report exists in relation to this substantial disposal, and I have no reason to believe that this statement is incorrect.

**For and on behalf of
Compass Evaluator Reports Limited**

A handwritten signature in black ink, appearing to read 'Kevin Murphy', with a stylized flourish at the end.

**Kevin Murphy
Evaluator**

Date: 5 April 2024

EVALUATOR BIO: KEVIN MURPHY

Before entering the insolvency profession, Kevin trained as a lawyer, undertaking a law degree (achieving a 2:1 classification) and successfully completing the Law Society’s Final Exam. Kevin is a licensed Insolvency Practitioner (currently non-appointment-taking), with over 25 years of experience of dealing with a wide range of insolvency matters, including extensive experience of turnaround work, focusing on Company Voluntary Arrangements and Administration.

He has spent much of his career with a national firm of insolvency specialists, where he progressed to Director of Insolvency, heading up the firm’s Administration Team in the Manchester Office. Responsible for many complex and challenging matters, Kevin developed practical skills in dealing with cases in an efficient, commercial, and pragmatic manner alongside the technical demands of compliance with regulation and legislation, to achieve the best outcome for stakeholders.

In more recent times, Kevin has utilised the extensive skill set developed because of his experience of turnaround and insolvency work in dealing with solvent acquisitions. Since 2017, Kevin has been an advisor to a buy and build acquisitions group.

Kevin is a member of the Turnaround and Management Association and R3, the Association of Business Recovery Professionals.

For more information, please visit <https://compassevaluatorreports.co.uk/>

Muji Europe Holdings Limited

(In Administration) ('the Company')

Joint Administrators' fee estimate

Pursuant to Rule 18.16(4) of the Insolvency (England & Wales) Rules 2016

Date of delivery to creditors 12 April 2024

Muji Europe Holdings Limited (in Administration) ('the Company')

Estimate of remuneration to be charged

The Joint 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 remuneration is £696,071 plus VAT. 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	Work done / in progress / to be performed
Accounting & Administration	<p>Tasks required by legislation and professional best practice – no direct financial benefit to creditors - including:</p> <ul style="list-style-type: none"> • General administrative duties and overall management of the case, such as filing and maintaining the Joint Administrators' accounting records, statutory compliance diaries and time cost reporting <p>Certain tasks undertaken by the Accounting and Treasury Executives have a financial benefit to the creditors, including:</p> <ul style="list-style-type: none"> • Investing of estate funds and maintaining cash controls 	<ul style="list-style-type: none"> • In progress • In progress
Banking & Statutory Reporting	<p>Tasks required by legislation and professional best practice – no direct financial benefit to creditors – including:</p> <ul style="list-style-type: none"> • Treasury and accounting functions e.g. opening bank accounts, preparing bank reconciliations, posting transactions • Preparation and delivery of the Joint Administrators' proposals and delivery to creditors, members and Companies House • Preparation of six-monthly progress reports and delivery to creditors, members and Companies House • Preparation of final progress reports, in respect to finalising and concluding the Administration, and delivery to creditors, members and Companies House 	<ul style="list-style-type: none"> • In progress • Completed • To be performed • To be performed
Creditors	<p>Tasks providing a direct benefit to creditors, to allow their claims to be submitted in the Administration for any potential future distribution of funds, including:</p> <ul style="list-style-type: none"> • Receipt and recording creditor claims • Corresponding with creditors and members and answering specific creditor/member queries in relation to the Administration • Adjudicating creditor claims received 	<ul style="list-style-type: none"> • In progress • In progress • To be performed

	<ul style="list-style-type: none"> • Processing distributions to preferential and unsecured creditors (as applicable) 	<ul style="list-style-type: none"> • To be performed
Debtors	<p>Tasks providing a direct benefit to creditors by preserving and realising value from the assets, including:</p> <ul style="list-style-type: none"> • Realising the book of debts of the Company 	<ul style="list-style-type: none"> • In progress
Employee matters	<p>Tasks required by legislation and professional best practice – no direct financial benefit to creditors as no employee claims expected in the Administration - including:</p> <ul style="list-style-type: none"> • Addressing any residual employee issues that may arise after the transfer to the Purchaser 	<ul style="list-style-type: none"> • In progress
Immediate Tasks	<p>Tasks required by legislation and professional best practice – no direct financial benefit to creditors – including:</p> <ul style="list-style-type: none"> • Completion of workstreams requiring immediate attention following the appointment as required by statute, e.g. speaking with the Company’s directors, issuing correspondence notifying of appointment, collating information and carrying out other initial activities to execute the strategy outlined in the Proposals. 	<ul style="list-style-type: none"> • Completed
Investigations	<p>Tasks required by legislation and professional best practice – no direct financial benefit to creditors – including:</p> <ul style="list-style-type: none"> • Investigations into the Company’s affairs in accordance with Statement of Insolvency Practice 2 “Investigations by Office Holders” • Preparation of the Joint Administrators’ submission on the conduct of the directors under the Company Directors Disqualification Act 1986 	<ul style="list-style-type: none"> • To be performed • To be performed
Job Acceptance & Strategy	<p>Tasks providing a direct benefit to creditors by preserving and realising value in the assets, including:</p> <ul style="list-style-type: none"> • Matters relating to the appointment and initial planning of the administration strategy, including management of and formulating and executing the strategy adopted • Considering exit routes from Administration and implementing the most appropriate route 	<ul style="list-style-type: none"> • Completed • Completed
Legal Issues	<p>Tasks providing a direct benefit to creditors by preserving and realising value from the assets, including:</p> <ul style="list-style-type: none"> • Obtaining legal advice during the Administration on live legal matters, on appointment matters, compliance with statutory duties and in respect of aspects relating to asset recoveries (where applicable) • Dealing with any ad hoc legal issues 	<ul style="list-style-type: none"> • In progress • In progress
Other Matters	<p>Tasks providing a direct benefit to creditors by preserving and realising value from the assets, including:</p> <ul style="list-style-type: none"> • Recovery of the Company’s physical books and records, and electronic records (including a back-up of the Company’s servers and systems) 	<ul style="list-style-type: none"> • In progress
Public Relations	<p>Tasks required by legislation and professional best practice – no direct financial benefit to creditors - including:</p> <ul style="list-style-type: none"> • Agreeing and issuing statements to the press as required in pursuit of the strategy 	<ul style="list-style-type: none"> • In progress

Property	<p>Tasks providing a direct benefit to creditors by preserving and realising value from the assets, including:</p> <ul style="list-style-type: none"> • Liaising with the landlord of the Company's head office in respect of the licence to occupy and other matters 	<ul style="list-style-type: none"> • In progress
Sale of Business	<p>Tasks providing a direct benefit to creditors by preserving and realising value from the assets, including:</p> <ul style="list-style-type: none"> • Sale of business and assets of the Company in pursuance with the Joint Administrators' objectives • Liaising with the Purchaser and its advisors and relevant suppliers in relation to transitional arrangements 	<ul style="list-style-type: none"> • Completed • In progress
Statutory Duties	<p>Tasks required by legislation and professional best practice – no direct financial benefit to creditors - including:</p> <ul style="list-style-type: none"> • 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 • Requesting and obtaining the Statement of Affairs from the Directors of the Company 	<ul style="list-style-type: none"> • In progress • In progress
VAT & Taxation	<p>Tasks providing a direct benefit to creditors by establishing the tax position on appointment, including the recoverability of any pre appointment tax balances, including:</p> <ul style="list-style-type: none"> • Preparing corporation tax and VAT returns, with input from EY VAT and tax specialists. • Submitting relevant notifications to HMRC • Preparing claims for VAT bad debt relief (if applicable) • Assessment of the VAT and tax treatments of transactions and agreements entered into during the Administration 	<ul style="list-style-type: none"> • To be performed • In progress • To be performed • In progress

Joint Administrators' Fee Estimate from 08 April 2024 to 07 April 2025

Category of work	Hours						Fee		
	Partner	Director	Senior Manager	Manager	Senior	Analyst	Total Hours	Total Fee £	Avg Rate £
Accounting & administration	2.2	0.3	5.0	32.0	63.0	66.0	168.5	73,153	434
Bank & statutory reporting	6.5	22.0	8.0	46.0	30.0	75.0	187.5	96,146	513
Creditors	13.0	13.0	10.0	32.5	40.0	84.0	192.5	96,577	502
Debtors	0.5	-	2.0	2.0	-	10.0	14.5	6,695	462
Employee matters	5.0	-	10.0	10.0	-	-	25.0	17,955	718
Immediate tasks	5.0	5.0	8.0	10.0	10.0	20.0	58.0	32,120	554
Investigations	6.0	19.0	24.0	40.0	-	60.0	149.0	83,697	562
Job acceptance & strategy	2.0	3.0	3.0	3.0	-	-	11.0	8,496	772
Legal issues	2.4	6.0	12.0	12.0	-	-	32.4	22,921	707
Other matters	2.7	5.5	4.8	14.0	8.0	-	35.0	21,953	627
Public relations	2.0	3.0	5.0	-	-	-	10.0	8,289	829
Property	0.7	5.0	3.0	12.0	11.0	-	31.7	18,234	575
Sale of business	6.5	12.0	19.0	15.0	-	-	52.5	39,092	745
Statutory duties	9.0	4.0	20.0	47.0	36.0	95.0	211.0	102,153	484
VAT & Taxation	2.0	8.0	-	36.0	14.0	60.0	120.0	68,592	572
Total Hours	65.5	105.8	133.8	311.5	212.0	470.0	1,298.60	696,071	536
Rate £ (exc Tax)	£1,053	£ 861	£720	£549	£404	£363			
Total Fee	£69,782	£93,326	£96,336	£176,522	£87,216	£172,890			

Notes

The Joint Administrators' estimate of remuneration is based on the following assumptions:

- One extension to the Administration may be required and will be granted by creditors. We don't anticipate an application to Court for approval of the extension will be required.
- Fee approval will be sought and fees will be drawn in accordance with the approvals to be obtained from the relevant classes of creditor. Should we seek to draw remuneration in excess of this sum, we will revert to the appropriate class of creditors for further approval at that time.

Estimated Joint Administrators' expenses and disbursements

Details of expenses incurred and anticipated to be incurred

Statement of Insolvency Practice No. 9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member. Expenses expected to be incurred total £69,280 plus VAT, comprising:

Category of expense	Estimated costs (£)
Payments which are not disbursements	60,000
Category 1 disbursements	9,280
Total	69,280

Payments which are not disbursements

Category of expense	Description of expense incurred or to be incurred	Estimated costs (£)
Legal fees	Legal advice regarding such matters required to maximise realisations from the Company's estate.	40,000
Insurance	Costs to insure the Company's assets and operations during the course of the Administration.	5,000
Statutory costs	Costs of completing statutory requirements of the Administration, including advertising and filing costs. Costs to arrange collection and storage of the Company's books and records for minimum periods required under legislation.	5,000
Bank charges and interest	Charges associated with operation of the Company's bank accounts during the Administration, including foreign exchange transaction costs.	5,000
Telecoms and IT	Costs of maintaining existing telecoms platform and accounting software licences.	5,000
Total estimated expenses		60,000

Disbursements

Category 1 disbursements

Category 1 disbursements are defined as specific expenditure met by and reimbursed to the office holder's firm, relating to the Administration of the insolvent's affairs and referable to payment to an independent third party.

Disbursement	Description of disbursement incurred or to be incurred	Estimated costs (£)
Postage and printing	Third party printing and postage costs for the Joint Administrators' initial communication to creditors, the Proposals and subsequent progress reports (where requested), and other written communication to all relevant creditors and shareholders.	3,000
Specific bond	A form of insurance required by insolvency law.	1,280
Sundry expenses	Other expenses not specifically categorised.	5,000
Total		9,280

Category 2 disbursements

The Joint Administrators do not anticipate any Category 2 disbursements.

Pre-administration Costs

The payment of unpaid pre-administration costs as an expense of the Administration 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.

Approval is being sought for unpaid pre-administration costs in the amount of £140,821 to be met as an expense of the Administration. Further detail is provided below.

Ernst & Young LLP

EY was engaged by the Company, under an engagement agreement dated 27 November 2023, to undertake options analysis and contingency planning work for the Company, ahead of a potential administration appointment.

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

- Negotiating and structuring the final offer with the Purchaser, including reviewing and commenting on the sale agreements (including the asset purchase agreement, share purchase agreements¹, share transfer forms and deeds of release) and LTO;
- Assessing and negotiating the offers received from the Purchaser pre-appointment for the sale of the business and certain assets;
- Assessing the tax implications arising from the transaction, including capital gains tax, VAT and intercompany debt release considerations;
- Reviewing the Company's financials in respect of the transaction and in preparation for the appointment;
- Finalising appointment documents including the Joint Administrators' consents to act, statements of prior professional relationships and notice of appointment;
- Facilitating discussions with the Purchaser to ensure a smooth transition for employees, customers and suppliers;
- Planning for media and press communication; and
- Undertaking planning for the period immediately post administration in order to deal with all matters effectively.

Undertaking the above actions enabled value to be preserved in the Company, thereby allowing for a sale of business and assets to be completed as well as maximising the return to creditors. The above actions have also ensured that employees and creditors have been looked after.

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 Joint 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.

¹ A share purchase agreement was executed between the Company and Purchaser for each of MEH's individual subsidiaries across ten different jurisdictions (i.e. a total of ten share purchase agreements were executed).

Estimated return for creditors

Secured creditors

Prior to our appointment, all outstanding charges were settled in full by the Company. Accordingly, there are no secured creditor claims.

Primary preferential creditors

Based on current estimates, we anticipate that primary preferential creditors will receive a dividend. A further update on the quantum and timing of any dividend payment will be provided in the Joint Administrators' first six monthly progress report.

Secondary preferential creditors

Based on current estimates, we anticipate that secondary preferential creditors will receive a dividend. A further update on the quantum and timing of any dividend payment will be provided in the Joint Administrators' first six monthly progress report.

Non-preferential creditors

Based on current estimates, we anticipate that non-preferential creditors will receive a dividend. A further update on the quantum and timing of any dividend payment will be provided in the Joint Administrators' first six monthly progress report.

Notice to creditors of deemed consent

Paragraph 51 of Schedule B1 to the Insolvency Act 1986 and Rules 3.38, 15.7 and 15.8 of the Insolvency (England and Wales) Rules 2016

Name of court: The High Court of Justice Business and Property Courts of England & Wales Insolvency and Companies List (ChD)

Case number: 001928 of 2024

Registered name of the Company: Muji Europe Holdings Limited (in Administration)

Other trading name(s) or style(s) of the Company: None

Registered number: 05997094

Registered office address: c/o Ernst & Young LLP
1 More London Place
London
SE1 2AF

Formerly:
Bedford House
21a John Street
London
WC1N 2BF

Principal trading address (if different from above): Bedford House
21a John Street
London
WC1N 2BF

Date on which the Company entered Administration: 8 April 2024

Date of appointment of Joint Administrators: 8 April 2024

Details of the Joint Administrators

Simon Jamie Edel
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Alexander Paul Williams
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Office holder numbers: 9810 / 22270

Email: MEHadministration@uk.ey.com

Name of alternative person to contact
about the Administration: Ayse Hassan

NOTICE IS HEREBY GIVEN that the Joint Administrators of the above-named company are seeking approval of their proposals dated 12 April 2024 by deemed consent.

Creditors will be deemed to have consented to the approval of the proposals unless by the end of 29 April 2024 (**the decision date**) at least 10% in value of creditors who would be entitled to vote in a qualifying decision procedure have objected to approval and their objections have been made in accordance with the procedure set out below.

Objections

Any creditor wishing to object to the proposed decision to approve our proposals – including any creditor who has opted out from receiving notices about the administration - must deliver to me by email to MEHadministration@uk.ey.com, a notice stating that the creditor so objects. The notice must be delivered to me by email not later than the end of **the decision date** together with a proof in respect of the creditor's claim which complies with the requirements of Rules 15.28 to 15.35 of the Insolvency (England and Wales) Rules 2016 failing which the objection will be disregarded.

Please note that creditors whose debts may be treated as small debts in accordance with Rule 14.31(1) of the Insolvency (England and Wales) Rules 2016 must still deliver a proof of claim if they wish to object.

It is my responsibility, as Joint Administrator convening the deemed consent procedure, to aggregate any objections to see if the threshold is met for the decision to be taken as not having been made.

If the threshold is met the deemed consent procedure will terminate without a decision being made on the proposals and if a decision is sought again on the same matter it will be sought by a decision procedure.

Requests for a physical meeting to be held

Creditors who meet the thresholds in s.246ZE(7) of the Insolvency Act 1986, namely 10% in value of creditors, 10% in number of creditors or 10 creditors, may, within five business days from the date of delivery of this notice, make a request to me in writing for a physical meeting of creditors to be held to consider the approval of our proposals.

Signed
Simon J Edel
Joint Administrator



Date 12 April 2024

Notice to creditors – invitation to form a creditors’ committee

Rule 3.39, Insolvency (England and Wales) Rules 2016

Name of court: The High Court of Justice Business and Property Courts of England & Wales Insolvency and Companies List (ChD)

Case number: 001928 of 2024

Registered name of the Company: Muji Europe Holdings Limited (in Administration)

Other trading name(s) or style(s) of the Company: None

Registered number: 05997094

Registered office address: c/o Ernst & Young LLP
1 More London Place
London
SE1 2AF

Formerly:
Bedford House
21a John Street
London
WC1N 2BF

Principal trading address (if different from above): Bedford House
21a John Street
London
WC1N 2BF

Date on which the company entered Administration: 8 April 2024

Date of appointment of Joint Administrators: 8 April 2024

Details of the Joint Administrators

Simon Jamie Edel
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Alexander Paul Williams
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Office holder number: 9810 / 22270

Email: MEHadministration@uk.ey.com

Name of alternative person to contact about the Administration: Ayse Hassan

Invitation to form a creditors' committee

Creditors are invited to decide whether a creditors' committee should be formed if sufficient creditors are willing to be members of the committee. Information on the role of committees can be found at <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

To be validly established, a committee must have at least three and not more than five members, who must have agreed to act.

Should you wish to form a committee, please follow the instructions in the nomination form attached to this notice and return the completed nomination form, with written agreements to act where appropriate, to me by email to MEHadministration@uk.ey.com to arrive no later than 29 April 2024. Nominations can only be accepted if I am satisfied as to the creditor's eligibility under Rule 17.4 of the Insolvency (England and Wales) Rules 2016.

Signed
Simon J Edel
Joint Administrator



Date

12 April 2024

Muji Europe Holdings Limited (in Administration) (“the Company”)

Nominations for creditors’ committee

You may nominate up to five creditors of the Company. Please note that before a person can act as a member of a creditors’ committee that person must agree to do so.

In the event that more than five valid nominations are received, the five receiving the most votes will be appointed.

When you have completed this form, please return it with the creditor’s written agreement to act (unless you are nominating yourself or your own organisation) to Simon J Edel and Alexander P Williams at 1 More London Place, London, SE1 2AF or MEHadministration@uk.ey.com to arrive no later than the closing date stated on the notice of invitation to form a committee.

I nominate:

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

to be appointed as (a) member(s) of the creditors' committee.

Signature _____

Name of signatory _____

On behalf of
(name of creditor) _____

Date _____