

# JOINT ADMINISTRATORS' FINAL PROGRESS REPORT FOR THE PERIOD 9 OCTOBER 2019 TO 17 MARCH 2020

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DEBENHAMS PLC, COMPANY NUMBER: 05448421

ISSUED ON 17 MARCH 2020

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## Glossary

Abbreviation / Term	Meaning / Definition
the Act	Insolvency Act 1986 (as amended)
Administration	The administration of the Company
Appointment date	9 April 2019
BDO	BDO LLP
the Company	Debenhams plc
CDDA	Company Directors Disqualification Act 1986
DRIL	Debenhams Retail Ireland Limited, a subsidiary within the Group
FTI	FTI Consulting LLP
GDPR	General Data Protection Regulation
the Group/ Debenhams Group	Direct and indirect subsidiaries of the Company
HMRC	HM Revenue & Customs
ICAEW	Institute of Chartered Accountants in England & Wales
Irish Revenue	The Office of the Revenue Commissioners (Republic of Ireland)
Joint Administrators / we / our / Administrators	Chad Griffin, Simon Kirkhope, Andrew Johnson
Lazard	Lazard & Co., Ltd, an international financial advisory and asset management firm
Newco	Celine UK Newco 1 Limited
New Money Facilities Agreement	£200m refinancing of the Company agreed on 29 March 2019
Notes	£200m 5.25% GBP Notes due 2021
Para	Paragraph
Period	9 October 2019 to 11 March 2020
Preferential Creditors	Principally employee claims for unpaid wages (max £800 per employee), holiday pay, and certain unpaid pension contributions
Prescribed Part	Amount set aside for unsecured creditors from floating charge net realisations in accordance with S.176A of the Act
Previous reports	Sip 16 Disclosure letter, Administrators proposals and first progress report for the period 9 April 2019 to 8 October 2019

Proposals	Joint Administrators' Proposals dated 28 May 2019
RCF	£320m Revolving Credit Facility
Retail	Debenhams Retail Limited
Rules	Insolvency (England and Wales) Rules 2016
Sch B1	Schedule B1 to the Act
SIP	Statement of Insolvency Practice
SIP 2	Statement of Insolvency Practice 2 - Investigations by office holders in administration and insolvent liquidations
SIP 9	Statement of Insolvency Practice – Payments to insolvency office holders and their associates
SIP 16 Report	SIP 16 disclosure letter available at <a href="https://www.fticonsulting-emea.com/cip/debenhams-plc">https://www.fticonsulting-emea.com/cip/debenhams-plc</a>
Transaction	The 9 April 2019 sale of the Company's entire interest in the Group (together with other assets) to Newco.

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## 1. Introduction

- 1.1 Andrew Johnson, Simon Kirkhope and I were appointed as Joint Administrators of the Company on 9 April 2019. Pursuant to Rule 18.6 of the Rules we are required to send creditors a report setting out what has happened in the period since the Joint Administrators' previous progress report. This report constitutes the final progress report for the Administration, with all matters in relation to the Administration complete.
- 1.2 No extension of the Administration has been requested or given. The Administration will conclude by moving straight to dissolution pursuant to Para 84 of Sch B1 as the Administrators consider that the Company has no property which permits a distribution to its creditors.
- 1.3 This final account is prepared pursuant to rule 3.53 of the Rules for the period 9 October 2019 to 17 March 2020. This account provides a summary of the Administrators' proposals, the steps taken during the Administration and the overall outcome of the Administration.
- 1.4 During the period the Joint Administrators have concluded matters that remained outstanding at the time of drafting the Company's previous progress report, namely:
  - Recovering funds held by the Company's share registrar in relation to unclaimed shareholder dividends into the Administration estate. Work undertaken with the share registrar also included a large extraction of Company data from their records, which is now held by the Company, with all data held by the share registrar having been destroyed.
  - Undertaking certain actions that were required in connection with a financial restructuring of the wider Debenhams Group (e.g. novation of certain financial debt).
  - Resolving the remaining taxation matters and compliance actions, including submission of appropriate pre and post-appointment corporation tax returns.
  - Dealing with the Irish Revenue in relation to their unsecured claims and de-registration.
  - The collection from HMRC of an outstanding VAT receivable due to the Company.
  - Taking the required steps to bring the Administration to its conclusion (e.g. this final report and related statutory and compliance work).
- 1.5 This report, together with the appendices, contains information in relation to the activities undertaken, receipts and payments in the insolvency estate (Appendix B) and the Joint Administrators' time costs in accordance with SIP 9 (Appendix C and D). This report and its appendices covers the period since our previous progress report as well as the full Administration period.
- 1.6 Full details of the statutory information relating to our appointment are set out in Appendix A.
- 1.7 For further information on both the Company's background and the reasons behind the Administration, please refer to the Joint Administrators Previous Reports, which can be found at <https://www.fticonsulting-emea.com/cip/debenhams-plc>.

## 2. Actions taken during the Administration

### Sale Process

- 2.1 As set out in the Previous Reports, a sale of the Company's business and assets was completed to Newco in a pre-packaged sale immediately on the appointment of the Joint Administrators.
- 2.2 The consideration received from Newco in respect of the Transaction was £101.8m. The Group was also acquired subject to £520m of financial debt (being liabilities of the Company that had been guaranteed by entities within the Group) and all of the Group's pension obligations (which included secured obligations of £60m).
- 2.3 Following the completion of the Transaction the Group was immediately marketed for sale by Lazard to see if there were any interested parties willing to buy the Group for a price that would repay the financial debt and secured pension liabilities in full, and thus potentially yield a return for shareholders. Over 70 potential interested parties were approached but no buyer was found.
- 2.4 Further information on the sale process and the Transaction can be found in the Previous Reports.

## Listing and Shareholder Enquiries

- 2.5 As set out in the Previous Reports, immediately following appointment a short-term contract was entered into with the incumbent share registrar to assist with the maintenance of the Company's share register. This was in order to assist with payments of distributions, in the unlikely event that a distribution became payable to shareholders. The registrar also responded to shareholder enquiries as this was considered more cost effective than the Joint Administrators and their staff doing so.
- 2.6 During the period, the Joint Administrators sought legal advice on an amount of £60,249 held by the share registrar in relation to unclaimed shareholder dividends. This advice confirmed that, in the absence of proof these funds were held on trust for shareholders (no proof of which was identified in the course of a review of the Company's articles and discussions with the Group's internal legal team ), these would be assets that formed part of the Administration estate. These funds have therefore been paid into the Administration estate and have been utilised in meeting costs of the Administration.
- 2.7 Following confirmation that there will be insufficient asset recoveries for any distribution to be made to the Company's shareholders we have brought the agreement with the share registrar to a conclusion. We collected all Company data held by the registrar to ensure this remains with the Company.
- 2.8 Throughout the period, the Joint Administrators have received a number of shareholder enquiries which have been responded to. As time has progressed the volume of these enquiries has reduced considerably. Given the shortfall to Company creditors, shares held in the Company are now deemed to be of nil value and shareholders who have made enquiries have been informed that this is the case.

## Irish Leases

- 2.9 There were 11 Irish leases in the name of the Company with each of the premises being occupied by DRIL, under the terms of the SPA interest in these leases was sold with the purchaser taking such right, title and interest that the Company had in the properties passing to the purchaser at the completion date.
- 2.10 As set out in the Previous Reports these leases were not required for achieving the purpose of the Administration and any liabilities of the Company in respect of them would have ranked as unsecured claims.
- 2.11 During the period we have continued to receive correspondence from various of these landlords in relation to the leases. In all correspondence we have been clear that the Joint Administrators have not adopted the leases and have derived no benefit from the leases since the commencement of the Administration.
- 2.12 Post-Administration rent due in respect of the Irish leases has been paid by DRIL, which continues to occupy the premises. We understand that discussions between the landlords and DRIL in relation to potential novations remain ongoing. The Joint Administrators believe this should not delay the conclusion of the Administration and both Landlords and the Group have been informed that this is the case.

## Irish VAT

- 2.13 In the period we have been in correspondence with Irish Revenue in respect of the Company's Irish VAT position. In December 2019 a claim was received from Irish Revenue in respect of both the pre and post-administration period totaling c£3.6m (c£0.8m pre appointment and c£2.8m post appointment).
- 2.14 The pre appointment liability ranks as an unsecured claim in the administration and Irish Revenue has been advised that this is the case.
- 2.15 The Joint Administrators have liaised with Irish Revenue and they have now confirmed that the Company has no post-administration Irish VAT liability outstanding and that the Company should deregister for Irish VAT purposes. The Joint Administrators have subsequently taken the necessary steps to conclude deregistration.

## Statutory Investigations

- 2.16 In the previous reporting period the Joint Administrators undertook investigation work in accordance with SIP 2, which included a review of:
- Questionnaires submitted by the directors of the Company who acted in the three-year period prior to the Administration.
  - The Statement of Affairs prepared by the directors of the Company.

- The board minutes in the 12 months leading up to the appointment of the Joint Administrators, which included a review of minutes from the subcommittee which was responsible for the refinancing, restructuring and CVA workstreams instigated in the period prior to the Administration.
  - The validity of the security granted by the Company in the period prior to the Administration.
  - The Company's financial information (including the Company's bank statements and management accounts).
- 2.17 We completed our investigative work, which took into account concerns expressed by certain stakeholders. Based on our review we did not consider that there were any recovery actions to pursue in this case and we have written directly to those stakeholders who raised concerns.
- 2.18 The data gathered from our investigations assisted with our statutory duties pursuant to the CDDA to review the conduct of all directors who served in respect of the Company in the 3-year period prior to the date of Administration. We concluded our review and submitted a return to the Department for Business, Energy and Industrial Strategy. The content of our report in relation to this is confidential.

## Taxation

- 2.19 The Company was formerly a member of a VAT group from which it deregistered on appointment. Since appointment various costs have been incurred and VAT on these costs has been fully recovered. During the Period final VAT reclaims have been processed by HMRC with VAT recovered totaling £43,684.
- 2.20 During the Period the Group has completed the pre-corporation tax return for the period 1 September 2018 to 8 April 2019 which was reviewed by the Joint Administrators ahead of submission. In addition, a tax return for the post appointment period, 9 April 2019 to 10 February 2020, has also been submitted, and having analysed the facts no tax liability has arisen for the Company in either period.
- 2.21 The Group has paid interest in respect of the RCF and the New Money Facilities Agreement since the commencement of the Administration. We have been liaising with the Group in respect of withholding tax compliance in respect of these interest payments, and having given this matter further consideration we do not believe any liability arises for which the Company might be liable.
- 2.22 As the Group is a qualifying group for the purposes of HMRC's Senior Accounting Officer requirements, we assessed and concluded that there was a requirement to prepare a notification and certificate for the year to 31 August 2019 for the application of these requirements to the Company in the current circumstances. The notification and certificate have been submitted. The Company does not fall within these requirements for the period 1 September 2019 to 16 January 2020.

## GDPR

- 2.23 During the previous reporting period the Joint Administrators were in receipt of a small number of GDPR subject access requests relating to the Company. It was incumbent upon the Joint Administrators to provide the relevant data to those individuals making the requests in compliance with the relevant GDPR legislation. The necessary steps to meet those requests were therefore taken.
- 2.24 This work required the Joint Administrators to take legal advice on the scope and nature of the requests and the type of data which needed to be disclosed and the nature of how the request will be dealt with. Significant time was spent extracting and processing the relevant data from the Company's records and undertaking a review of the data that was relevant to the information requests. This review has now been undertaken and work on the subject access requests completed, and we have received no follow up in relation to these GDPR requests.

## Debt Novations

- 2.25 During the Period the Joint Administrators and Newco (and certain of its subsidiaries) replaced the Company as the issuer of the Notes and there was a novation of the principal debtor obligations under the RCF from the Company to Retail.
- 2.26 Now this has been finalised, the Company is released from primary obligations under the Notes and RCF. The Company does however remain contingently liable as a guarantor of the notes.

## Funding Agreement

- 2.27 A funding agreement was entered into between the Group and the Joint Administrators in order to meet the costs of the Administration. A total of £2,300,000 was drawn under this agreement.
- 2.28 Under the terms of this funding agreement if any unused funding remained in the Administration at the date of its completion, and following the payment of all Administration expenses, the remaining balance would be returned to the Lenders under the terms of the agreement. The total balance returned to the Lenders was £492,312 as detailed in the Receipts and Payments account.

## Remaining Steps

- 2.29 All matters in respect of the Administration have now been concluded and a Notice of move from Administration to Dissolution has been sent to the Registrar of Companies alongside a copy of this report. The Company will be dissolved three months after receipt of this Notice by the Registrar.

## Joint Administrators' Receipts and Payments during Period

- 2.30 A full receipts and payments account for the Administration during the period covered by this report is provided at Appendix B.
- 2.31 The only material receipt during the period is the amount relating to the unclaimed dividends, £60,249.
- 2.32 Material costs during the period consist of;
- legal fees of £84,918 plus VAT;
  - Administrators' fees of £102,828 plus VAT; and
  - fees to the share registrar of £27,400 plus VAT.

## Joint Administrators' Remuneration

- 2.33 For further information in relation to the Joint Administrators' remuneration please refer to Previous Reports. However, in summary no Creditors Committee was formed, and given that the Company had no secured or Preferential Creditors, and had made a statement pursuant to Paragraph 52(1)(b) of Sch B1 to the effect that there will be no return to the Company's unsecured creditors, the Joint Administrators' only option for fixing their remuneration was by way of a court application.
- 2.34 On 16 September 2019 the High Court ordered that, in accordance with Rule 18.23 of the Rules, the Joint Administrators' remuneration be fixed on a time cost basis and that a set amount of previously detailed expenses could be drawn.
- 2.35 Details of the High Court Order in relation to Joint Administrators' remuneration can be found within documents on the FTI Debenhams portal <https://www.fticonsulting-emea.com/cip/debenhams-plc>. Additional information in relation to the Joint Administrators' fees, disbursements and costs can also be found at Appendix C and D.
- 2.36 I confirm that the Joint Administrators have incurred the following time costs during the full administration period and the period in properly dealing with the Administration of the Company:
- Post-appointment time costs of £896,199 (plus VAT) have been incurred for the full Administration period. Total fees drawn in the Administration are £800,000 which is the amount provided to the creditors in the Administrators' fees estimate. No further fees remain to be drawn, with any work undertaken above the fee estimate (£96,199) having been written off.
  - For this reporting period, 9 October 2019 to 11 March 2020, time costs of £172,611 (plus VAT) have been incurred. No disbursements have been incurred during this period.
  - For details in relation to the Joint Administrators' disbursements please refer to Appendices C and D.

# 3. Administration Outcome

## Secured Creditors

- 3.1 As previously reported, no secured debt remains in the Company, as it has been fully repaid from the Transaction.



## Preferential Creditors

3.2 We are not aware of any Preferential Creditors and understand the Company had no employees.

## Unsecured Creditors

3.3 Floating charge realisations total £826,481 (excluding the £2,300,000 of third party administration funding). However, floating charge costs during the Administration have significantly exceeded this amount and therefore no Prescribed Part payment or other dividend to unsecured creditors will be paid.

## Shareholders

3.4 Given there was a significant shortfall to the Company's creditors, there has not been and will not be a return to the Company's shareholders.

## Administration Outcome

3.5 The Administrators' proposals summarised the objectives for the Administration. There have been no amendments or deviations from those proposals. I have set out a number of the key objectives from the proposals that have been completed below:

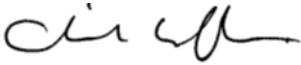
- Investigate, and as appropriate pursue, any claims that may lead to additional funds in the estate.
- Report on the directors' conduct.
- Undertake actions that may be required in connection with a financial restructuring of the Group.
- Enter into any necessary documentation regarding perfection of the transfer of the Company's interest in the agreements to which it was party.
- Resolve any taxation/VAT issues including submission of appropriate post appointment returns.
- Respond to the third party GDPR requests and external enquiries raised by creditors and shareholders of the Company.
- Take the required steps to bring the Administration to a conclusion.
- Deal with proactive and reactive press statements and inbound media enquiries.
- Immediately market the group for sale, in order to determine for the Company's benefit whether there was a bidder, with the benefit of a marketing process run on a stabilised platform, that would buy the Group for a price that would repay the financial debt and secured pension liabilities in full and thus potentially yield a return to shareholders. No such bid was forthcoming.

## 4. Discharge and Further Information

4.1. The Administration (as approved in the Proposals) is now complete and we will cease to act. Should creditors wish to receive a copy of any of the documents (including this report) they are available at <https://www.fticonsulting-emea.com/cip/debenhams-plc>. Alternatively, if you require a hard copy of any of the Administration documents or if you have any specific queries in relation to this report or the Administration in general, please contact a member of the Joint Administrators' staff at [debenhamsplc@fticonsulting.com](mailto:debenhamsplc@fticonsulting.com) or +44 (0)20 3727 1135 or by writing to FTI Consulting LLP, 200 Aldersgate Street, London, EC1A 4HD.

4.2. The High Court ordered on 16 September 2019, in accordance with 98(2)(c) of Sch B1, that Simon Kirkhope, Andrew Johnson and I be discharged from liability pursuant to Paragraph 98(1) of Sch B1 in respect of any act or omission in our individual capacity as Joint Administrators of the Company, such order to take effect from the date falling 56 days after the date on which this report is notified to creditors of the Company (or such other date as the Court thinks fit), save in respect of claims notified to the Joint Administrators of the Company before that date.

Yours faithfully  
For and on behalf of the Company

A handwritten signature in black ink, appearing to read 'C. Griffin', written in a cursive style.

**Chad Griffin**  
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators. The Joint Administrators act as agents of the Company and without personal liability.

Simon Kirkhope , Andrew Johnson and Chad Griffin are licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) of the Insolvency Act 1986.

## Appendix A – Statutory Information

<b>Company Name:</b>	Debenhams plc																
<b>Previous Name</b>	Debenhams Retail Holdings Limited																
<b>Court Reference</b>	CR-2019-002456																
<b>Registered Number</b>	05448421																
<b>Date of Incorporation</b>	10 May 2005																
<b>Company Directors as at 9 April 2019</b>	David Adams, Terence Duddy, Stephen Ingram, Nicola Kinnaird, Lisa Myers, Rachel Osborne (all now resigned)																
<b>Company Secretary as at 9 April 2019</b>	Paul Eardley																
<b>Shareholdings held by directors / secretary</b>	<table border="1"> <thead> <tr> <th>Director Name</th> <th>Shareholding</th> </tr> </thead> <tbody> <tr> <td>Terry Duddy</td> <td>140,000</td> </tr> <tr> <td>David Adams</td> <td>75,000</td> </tr> <tr> <td>Steve Ingham</td> <td>74,557</td> </tr> <tr> <td>Lisa Myers</td> <td>30,000</td> </tr> <tr> <td>Paul Eardley</td> <td>29,676</td> </tr> <tr> <td>Nicky Kinnaird</td> <td>-</td> </tr> <tr> <td>Rachel Osborne</td> <td>-</td> </tr> </tbody> </table>	Director Name	Shareholding	Terry Duddy	140,000	David Adams	75,000	Steve Ingham	74,557	Lisa Myers	30,000	Paul Eardley	29,676	Nicky Kinnaird	-	Rachel Osborne	-
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Nicky Kinnaird	-																
Rachel Osborne	-																
<b>Trading Names</b>	N/A																
<b>Registered Office</b>	C/O FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD																
<b>Court Name / Address</b>	Business and Property Courts (Insolvency and Companies List), High Court of Justice																
<b>Administrators' Names</b>	Chad Griffin, Simon Kirkhope and Andrew Johnson																
<b>Administrators' Address</b>	FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD																
<b>Administrators' Regulator</b>	ICAEW																
<b>Functions of Administrators</b>	Pursuant to Paragraph 100 of Sch B1, the Joint Administrators may exercise any of the powers conferred on them by the Act jointly or individually																
<b>Appointment Date</b>	9 April 2019																
<b>Appointer / Applicant</b>	GLAS Trust Corporation Limited																
<b>Appointment Type</b>	By holder of qualifying floating charge pursuant to Paragraph 14 of Sch B1																
<b>Objective being pursued</b>	<p>Purpose B: Achieving 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).</p> <p>Full details of our rationale for choosing statutory purpose b) is set out in the SIP 16 Report and Joint Administrators' proposals which also cover the proposed actions to be undertaken in pursuit of this objective.</p>																
<b>EC Regulation</b>	The EC Regulation on Insolvency Proceedings applies. The proceedings are main proceedings since the center of main interest is in the United Kingdom.																
<b>Security</b>	<p>GLAS Trust Corporation Limited was the holder of a qualifying floating charge in respect of the Company's property. The qualifying floating charge was dated 29 March 2019 and registered on 1 April 2019. The charge was satisfied in full following the Transaction.</p> <p>The validity of the appointment and of the security has been confirmed by the Joint Administrators' legal advisors Linklaters.</p>																

<b>Prescribed Part</b>	After the deduction of Administration expenses, net floating charge realisations from the Administration are anticipated to be nil and as such no Prescribed Part payment is anticipated to be made.
<b>Administration End Date</b>	Once the Notice from Administration to Dissolution has been registered at the Registrar of Companies the Administration has ended. This is anticipated to occur within two weeks this report being issued.

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The affairs, business and property of the Company is being managed by the Joint Administrators, acting as agents without personal liability.

As Administrators, we are bound by the Insolvency Code of Ethics. Prior to our appointment we considered potential ethical threats in undertaking the Administration in accordance with the Code. We did not consider that there were any matters that would prevent us taking the appointment. Should creditors require any further information in respect of the ethical code, they should request a hard copy either by email to [debenhamsplc@fticonsulting.com](mailto:debenhamsplc@fticonsulting.com) or by writing to FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD. Creditors can also use these contact details to request a hard copy of this report if required.

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. FTI Consulting 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 Holders Data Privacy Notice can be found at:

<https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>.

## Appendix B – Joint Administrators' Receipts and Payments

Debenhams Plc - Joint Administrators' Account of Receipts and Payments				
£	Statement of Affairs	9 April 2019 - 8 October 2019	9 October 2019 - 17 March 2020	9 April 2019 - 17 March 2020
<b>Fixed Charge Receipts</b>				
Shares and Investments <sup>1</sup>	101,000,000	101,041,556	-	101,041,556
<b>Subtotal</b>		<b>101,041,556</b>	<b>-</b>	<b>101,041,556</b>
<b>Floating Charge Receipts</b>				
Debtors and Other Receivables <sup>1,2</sup>	54,346	54,346	-	54,346
Intercompany <sup>1,2</sup>	711,624	711,624	-	711,624
Other <sup>1</sup>		3	-	3
Deferred Tax Asset	3,130,000	-	-	-
Third Party Administration Funding		2,300,000	-	2,300,000
Unclaimed dividends		-	60,249	60,249
Bank Interest Gross <sup>3</sup>		160	163	323
<b>Subtotal</b>		<b>3,066,133</b>	<b>60,412</b>	<b>3,126,545</b>
<b>Payments</b>				
Distribution to Chargeholder <sup>1</sup>		(101,807,529)	-	(101,807,529)
Repayment of Third Party Administration Funding		-	(492,312)	(492,312)
Insurance		(207)	-	(207)
Professional Fees		(4,962)	(24,838)	(29,800)
Legal Fees Pre-Administration		(66,754)	-	(66,754)
Legal Fees Post-Administration		(748,631)	(84,918)	(833,548)
Legal Expenses		(40,036)	(362)	(40,397)
Agents Fees		(71,750)	-	(71,750)
Specific Bond		-	(401)	(401)
Administrators' Fees		(697,172)	(102,828)	(800,000)
Administrators' Expenses		(77)	-	(77)
Category 2 Expenses		(21,957)	(3,166)	(25,122)
Data Compliance Costs		(40)	-	(40)
Statutory Advertising		-	(162)	(162)
<b>Subtotal</b>		<b>(103,459,114)</b>	<b>(708,986)</b>	<b>(104,168,101)</b>
<b>Balance</b>		<b>648,575</b>	<b>(648,575)</b>	<b>-</b>
<b>Made Up As Follows</b>				
Vat Receivable		162,770	(162,770)	-
Bank account <sup>3</sup>		485,805	(485,805)	-
<b>Total</b>		<b>648,575</b>	<b>(648,575)</b>	<b>-</b>

1 All amounts relate to consideration for the Transaction and form the total amount distributed to the Company's chargeholder.

2 At the time of completion of the sale pursuant to the SPA, no receivables had been identified, such that the face value of the receivables was thought to be nil. However, subsequent intercompany receivables and other receivables with a combined value of £765,970 have been identified. These receivables have been allocated against the floating charge, in the event that floating charge realisations exceed the value of administrators expenses, third party funding would be made available to make any payments due under the prescribed part.

3 The Company's bank accounts have been interest bearing with a small amount of interest received during the period.

## Appendix C – Joint Administrators' Time Costs and Expenses

### Pre-Administration fees

Total pre-Administration costs incurred by FTI before the Company entered Administration but with a view to doing so were £903,798. Of this balance £384,453 was invoiced to the Company and £519,346 was invoiced to Retail.

The full balance was paid by Retail, with £514,153 having been paid pre-Administration and £389,646 having been paid by Retail post-Administration. As this was paid from Retail and not the estate, no separate approval was required from the Company's creditors. No pre-Administration costs remain outstanding. Linklaters pre-Administration costs for legal advice to the Joint Administrators totalled £324,964 of which £243,210 was paid in the pre-appointment period and £66,754 was paid during the post appointment period.

Full disclosure with regards to the Joint Administrators' pre-appointment time and fees was set out in the Proposals and within the previous reports.

### Joint Administrators' Fees

When administrators seek approval for fees to be charged on a time cost basis, a fee estimate must be provided to creditors, as done so in the Joint Administrators' Proposals dated 28 May 2019. That estimate acts as a cap on time costs, whereby fees cannot be drawn over that amount without further approval from those who approved the fees. Although our initial fees estimate was exceeded we do not intend to seek approval for additional fees from the Company's creditors.

A breakdown of our fee estimate (as set out in our proposals) is provided below. The fee estimate represents the time costs that we anticipated would be incurred in undertaking our duties in respect of the Company during the Administration and (where applicable) should the Joint Administrators become liquidators, their duties in the liquidation. In this case, a liquidation will not follow the Administration with the Company going straight from Administration to Dissolution.

It is important to note that the quantum of remuneration drawn was limited by realisations from the Company's assets and reliance on the funding agreement and, as such, fees were only drawn where there were adequate funds in the Administration to do so.

Task	Total time estimate (Hours)	Total cost estimate (£)	Average cost estimate (£/hour)
Administration & planning	380	180,000	474
Investigations	226	130,000	575
Realisation of assets	47	35,000	745
Creditors & shareholders	190	112,000	589
Tax	70	45,000	643
Reporting	306	180,000	588
Media	202	57,000	282
Technology	108	61,000	565
<b>Total Fee Estimate</b>	<b>1,529</b>	<b>800,000</b>	<b>523</b>

**Charge Out Rates**

The Joint Administrators fees estimate was calculated based on FTI's standard charge out rates, a schedule of the rates for this assignment is as follows (please note our minimum time unit is six minutes):

Grade	2019 (£ per hour)	2020 (£ per hour)
Senior Managing Director	875	900
Managing Director	755	775
Senior Director	700	720
Director	625	640
Senior Consultant	555	570
Consultant	475	485
Analyst (experienced)	315	325
Analyst (junior)	225	230
Executive Assistant	170	175

**Approval of Fee Basis and Estimates**

As set out both in the main body of this report and in Previous Reports, on 16 September 2019, the High Court ordered that the Joint Administrators fees be charged on a time cost basis.

**Overview of work completed to date and future work to be undertaken**

The main body of our report includes a narrative on the main areas of the post-appointment work undertaken during the administration as well as an overview of the work undertaken during the period (see 1.4). The table below summarises the main areas of work by category undertaken during the course of the Administration. We have also indicated in the table below the rationale for undertaking the work, including whether required by statute, or whether there was a potential benefit for creditors.

Category	Description	Rationale
Administration & Planning	<ul style="list-style-type: none"> <li>Set up and maintained physical/electronic case files, checklists and file notes.</li> <li>Set up and maintained the case on the practice's electronic case management system.</li> <li>Ensured adequate bonding was in place during the case.</li> <li>Issued statutory notifications to creditors and others required on appointment as office holder.</li> <li>Forwarded correspondence addressed to trading entities.</li> <li>Obtained a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).</li> <li>Dealt with routine correspondence and emails relating to the case.</li> <li>Opened, maintained and managed the office holder's estate bank account.</li> <li>Undertook regular reconciliations of the bank account.</li> <li>Reviewed the adequacy of the specific penalty bond on a quarterly basis.</li> <li>Closed pre-appointment bank accounts.</li> <li>Processed receipts and payments.</li> </ul>	Statutory / compliance requirement, and to ensure efficient project management

	<ul style="list-style-type: none"> <li>• Undertook periodic reviews of the progress of the case.</li> <li>• Planned and effected an appropriate exit route.</li> </ul>	
Investigations	<ul style="list-style-type: none"> <li>• Recovered the books and records for the case (this has included the extraction of electronic records from the Company's systems).</li> <li>• Submitted an online return on the conduct of the directors as required by the CDDA.</li> <li>• Submitted the Statement of Affairs produced by the relevant Director to Companies House.</li> <li>• Liaised with the Company's Directors in relation to the completion of the Statement of Affairs.</li> <li>• Conducted an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.</li> <li>• Reviewed books and records (including a review of the board minutes) to identify whether there were any transactions or actions the Joint Administrators may take against a third party in order to recover funds for the benefit of creditors.</li> <li>• Investigated whether there were any claims that may lead to additional funds in the estate.</li> </ul>	Statutory requirement, and to assess whether potential claims
Realisation of Assets	<ul style="list-style-type: none"> <li>• Reviewed the Company records to evaluate the value of potential receivables.</li> <li>• Monitored the Lazard process to market the assets post appointment, including reviews of marketing materials and timetables, and related email and telephone calls.</li> </ul>	Identify, assess and seek to realise potential value
Creditors & Shareholders	<ul style="list-style-type: none"> <li>• Dealt with creditor correspondence, emails and telephone conversations regarding claims.</li> <li>• Liaised with the Group and Landlords in relation to the Irish Leases.</li> <li>• Liaised with the share registrar in relation to pending trades, unclaimed dividends and protection of records.</li> <li>• Maintained up to date creditor information on the case management system.</li> <li>• Spent time dealing with enquiries made by Company creditors and shareholders.</li> <li>• Invited creditors to form a Creditors Committee, no such committee was formed.</li> <li>• Dealt with GDPR requests made by third parties.</li> <li>• Dealt with enquiries and correspondence from the Regulators.</li> </ul>	Statutory requirements, and required for orderly case management
Tax	<ul style="list-style-type: none"> <li>• Prepared and completed relevant forms for VAT deregistration and recoveries.</li> <li>• Prepared and filed Corporation Tax returns.</li> <li>• Sought closure clearance from HMRC and other relevant parties.</li> <li>• Resolved issues in respect of Irish VAT.</li> <li>• Investigated possible withholding tax obligations.</li> <li>• Prepared a file note in relation to a Senior Accounting Officer.</li> </ul>	Statutory requirements. Ensure tax attributes assessed and utilised. Recovery of taxes.



	<ul style="list-style-type: none"> <li>• Effected debt novations away from the Company.</li> </ul>	
Reporting	<ul style="list-style-type: none"> <li>• Prepared, reviewed and issued proposals to the creditors, members, Court and Companies House.</li> <li>• Reported on the outcome of the approval of the proposals to the creditors, Companies House and the Court.</li> <li>• Prepared, reviewed and issued a 6 month progress reports to creditors and members.</li> <li>• Filed required progress reports at Companies House.</li> <li>• Prepared, reviewed and issued final reports to creditors and members.</li> <li>• Filed final reports at Companies House.</li> </ul>	Statutory requirements, and to inform creditors
Media	<ul style="list-style-type: none"> <li>• Dealt with media enquiries.</li> <li>• Ensured clear messaging from the Joint Administrators' on appointment.</li> </ul>	Responding to inbound stakeholder enquiries
Technology	<ul style="list-style-type: none"> <li>• Extracted Director emails from the Company's servers.</li> <li>• Ran key term searches to extract relevant data.</li> <li>• Prepared data in a form that is easily accessible.</li> <li>• Securely decommissioned all data.</li> <li>• Assisted with queries from both the Joint Administrators and their staff and from our legal advisors.</li> </ul>	Extracting relevant data from the company records

### Cost Estimates

Provided below are breakdowns of our estimated external costs. Following our proposals our cost estimates for Linklaters and Equiniti were revised upwards in our previous progress report, an explanation for the reasons behind these increases was set out in that report, a copy of this report can be seen at the previously provided web address. There have been no further revisions required as a result of the costs incurred during the Period.

Payee	Type of cost	Incurring as at previous progress report (£)	Incurring in period (£)	Total Incurred to date (£)	Previous estimated total in the previous progress report (£)
Linklaters	Legal fees	881,141	19,161	900,302	921,141
BDO	Valuation services	71,750	0	71,750	71,750
Equiniti	Share registrar services	4,800	25,000	29,800	29,800
Aon	Insurance and bonding	207	194	401	999
EPE Reynell	Advertising	81	81	162	162
<b>Total</b>		<b>957,979</b>	<b>44,436</b>	<b>1,002,415</b>	<b>1,023,852</b>

### Professional Advisors and Subcontracted Work

On this assignment we have used the professional advisors listed below. The basis of our fee arrangement with them has also been indicated alongside this, which is subject to review on a regular basis.

Name of professional advisor / subcontractor	Service provided	Basis of fee arrangement
BDO	Valuation services	Fixed fee
Linklaters	Legal advice	Hourly rate and disbursements

Our choice was based on our view of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

We have utilised the services of other teams within FTI Consulting LLP to assist with the Administration processes. The fees of our tax, technology, and strategic communications teams have been included in our SIP9 analysis provided to creditors of the Company and allocated to the work streams and entities to which their work related, for approval by those parties approving our fees.

We consider that the rates chargeable for these services are in line with general market practice and that the service is comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administration work streams has been possible.

### Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case such as postage, case advertising, invoiced travel, external printing, room hire and document storage. Properly reimbursed expenses incurred by personnel in connection with the case will also be chargeable.

Category 2 disbursements do require approval from creditors. The basis of our category 2 disbursements were approved by order of the Court. Category 2 disbursements are further explained below.

Type of expense	Basis of fee arrangement
Data processing by FTI Technology	£95/GB
Usage of E-discovery software from FTI Technology	£35 per user per month
Customisation of E-discovery software from FTI Technology	£25/GB
Data decommissioning	£2,500

Our total incurred Category 1 and Category 2 disbursements are set out in the table below:

Administrators expenses	Type of costs	Incurring as at previous progress report (£)	Incurring in period (£)	Total Incurred to date (£)	Previous estimated total in the previous progress report (£)
<b>Category 1</b>					
Travel	Different forms of transport to and from meetings	77	-	77	77
<b>Category 2</b>					
FTI Consulting LLP (Technology)	Data processing / hosting and data recovery	25,112	-	25,112	25,112
<b>Total</b>		25,190	-	25,190	25,190

## **Other Fee Disclosures**

A copy of the Creditors' Guide to Administrators' Fees provides further information on administrators' fees and your rights, and is available at: <https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/guide-to-administrators-fees-6-april-2017-england-wales.pdf>

Further information about creditors' rights can also be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>

There are no business or personal relationships with parties responsible for approving remuneration or who provide services where the relationship could give rise to a conflict of interest.

## **Creditors' Right to Challenge Remuneration and/or Expenses**

Any secured creditor or unsecured creditor with the support of at least 10% in value of the unsecured creditors, or with leave of the Court, may apply to the Court for one or more orders (in accordance with 18.36 or 18.37 of the Rules), challenging the amount or the basis of the remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 of the Rules.

## **Creditors' Right to Request Information**

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

## Appendix D – Time Cost Analysis

### Debenhams Plc - Analysis of Time Costs In Accordance with SIP9 for the period 09 October 2019 to 17 March 2020

Task	Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
<b>Administration and Planning</b>							
Strategy, planning and project management	-	17.5	47.8	3.3	68.6	41,110.5	599.3
Receipts and payments accounts	-	-	-	5.2	5.2	1,170.0	225.0
Checklist and reviews	2.5	-	18.0	17.8	38.3	16,268.0	424.8
Cashiering and reconciliations	-	-	-	16.7	16.7	3,801.5	227.6
<b>Subtotal</b>	<b>2.5</b>	<b>17.5</b>	<b>65.8</b>	<b>43.0</b>	<b>128.8</b>	<b>62,350.0</b>	
<b>Investigations</b>							
Books and records	-	-	-	53.2	53.2	11,998.0	225.5
Electronic records	-	-	-	4.4	4.4	1,007.0	228.9
Other investigations	3.0	-	-	3.8	6.8	3,497.0	514.3
<b>Subtotal</b>	<b>3.0</b>	<b>0.0</b>	<b>0.0</b>	<b>61.4</b>	<b>64.4</b>	<b>16,502.0</b>	
<b>Realisation of assets</b>							
Post-completion obligations	-	2.4	-	-	2.4	1,832.0	763.3
<b>Subtotal</b>	<b>-</b>	<b>2.4</b>	<b>0.0</b>	<b>3.3</b>	<b>5.7</b>	<b>2,578.5</b>	
<b>Creditors (correspondence and claims)</b>							
Unsecured creditors	-	5.4	-	-	5.4	4,185.0	775.0
Shareholders	-	2.3	1.7	11.9	15.9	5,402.0	339.7
Lease creditors	-	-	1.5	-	1.5	855.0	570.0
<b>Subtotal</b>	<b>-</b>	<b>7.7</b>	<b>3.2</b>	<b>11.9</b>	<b>22.8</b>	<b>10,442.0</b>	
<b>Tax</b>							
Pre-appointment CT	2.3	2.6	-	-	4.9	3,336.0	680.8
Pre-appointment VAT	-	-	1.4	-	1.4	798.0	570.0
Post appointment CT	5.6	14.6	-	-	20.2	12,515.5	619.6
Post appointment VAT	-	25.0	5.5	2.8	33.3	21,235.0	637.7
Tax advice on transactions	-	2.5	-	0.5	3.0	1,692.5	564.2
Other post appointment tax	4.2	8.6	-	-	12.8	8,009.5	625.7
<b>Subtotal</b>	<b>12.1</b>	<b>53.3</b>	<b>6.9</b>	<b>3.3</b>	<b>75.6</b>	<b>47,586.5</b>	
<b>Reporting</b>							
Other statutory reports/meetings	-	7.6	34.6	35.6	77.8	33,152.0	426.1
<b>Subtotal</b>	<b>-</b>	<b>7.6</b>	<b>34.6</b>	<b>35.6</b>	<b>77.8</b>	<b>33,152.0</b>	
<b>Total Time by Grade</b>	<b>17.6</b>	<b>88.5</b>	<b>110.5</b>	<b>158.5</b>	<b>375.1</b>		
<b>Total Cost by Grade</b>	<b>14,946.5</b>	<b>61,160.5</b>	<b>60,608.5</b>	<b>35,895.5</b>	<b>172,611.0</b>		
<b>Average by Grade</b>	<b>849.2</b>	<b>691.1</b>	<b>548.5</b>	<b>226.5</b>	<b>460.2</b>		

Joint Administrators' Progress Report

Debenhams Plc - Analysis of Time Costs In Accordance with SIP9 for the period 09 April 2019 to 17 March 2020

Task	Senior Managing Director	Managing Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
<b>Administration and Planning</b>							
Strategy, planning and project management	42.4	97.2	243.4	69.9	452.9	222,864.5	492.1
Initial actions	5.0	10.6	32.0	-	47.6	30,138.0	633.2
Appointment and related formalities	-	-	8.0	31.2	39.2	11,460.0	292.3
Receipts and payments accounts	-	-	-	20.7	20.7	4,657.5	225.0
Checklist and reviews	5.1	7.6	18.0	50.3	81.0	31,593.5	390.0
Cashiering and reconciliations	-	-	-	36.0	36.0	8,144.0	226.2
Bonding and IPS maintenance	-	3.4	-	4.8	8.2	3,647.0	444.8
<b>Subtotal</b>	<b>52.5</b>	<b>118.8</b>	<b>301.4</b>	<b>212.9</b>	<b>685.6</b>	<b>312,504.5</b>	
<b>Investigations</b>							
Correspondence with directors	-	1.8	-	-	1.8	1,359.0	755.0
Directors questionnaire/checklists	-	-	6.0	2.3	8.3	3,847.5	463.6
Statement of affairs	1.4	4.0	13.0	-	18.4	11,460.0	622.8
Reports of Directors' conduct	-	7.4	-	12.9	20.3	8,489.5	418.2
Books and records	3.0	15.7	8.0	60.8	87.5	32,626.5	372.9
Electronic records	4.5	-	-	17.6	22.1	7,914.5	358.1
Other investigations	14.2	32.0	19.3	4.4	69.9	48,303.5	691.0
<b>Subtotal</b>	<b>23.1</b>	<b>60.9</b>	<b>46.3</b>	<b>98.0</b>	<b>228.3</b>	<b>114,000.5</b>	
<b>Realisation of assets</b>							
Cash and investments	3.5	-	-	-	3.5	3,062.5	875.0
Sale of business - pre-pack	1.5	-	-	2.4	3.9	1,852.5	475.0
Post-completion obligations	3.0	15.5	-	-	18.5	14,347.5	775.5
Other assets	-	-	8.1	-	8.1	4,495.5	555.0
Health & Safety/Insurance	-	-	-	3.3	3.3	746.5	226.2
Recovery action	2.5	-	-	-	2.5	2,187.5	875.0
Lazard process	13.5	19.7	-	-	33.2	26,686.0	803.8
<b>Subtotal</b>	<b>24.0</b>	<b>35.2</b>	<b>8.1</b>	<b>5.7</b>	<b>73.0</b>	<b>53,378.0</b>	
<b>Creditors (correspondence and claims)</b>							
Unsecured creditors	9.3	10.4	18.5	8.9	47.1	28,367.5	602.3
Secured creditors	4.2	-	-	-	4.2	3,675.0	875.0
Shareholders	2.0	32.7	1.7	34.6	71.0	35,211.5	495.9
Lease creditors	-	-	1.5	2.3	3.8	1,372.5	361.2
<b>Subtotal</b>	<b>15.5</b>	<b>43.1</b>	<b>21.7</b>	<b>45.8</b>	<b>126.1</b>	<b>68,626.5</b>	
<b>Tax</b>							
Initial reviews CT and VAT	-	0.8	-	-	0.8	604.0	755.0
Pre-appointment CT	3.5	3.0	-	-	6.5	4,524.0	696.0
Pre-appointment VAT	1.0	-	18.0	-	19.0	10,826.0	569.8
Post appointment CT	6.1	15.4	-	-	21.5	13,343.0	620.6
Post appointment VAT	-	44.4	13.5	4.1	62.0	37,540.5	605.5
Tax advice on transactions	-	10.4	-	0.5	10.9	6,208.0	569.5
Other post appointment tax	11.4	8.6	-	-	20.0	13,877.5	693.9
<b>Subtotal</b>	<b>22.0</b>	<b>82.6</b>	<b>31.5</b>	<b>4.6</b>	<b>140.7</b>	<b>86,923.0</b>	
<b>Reporting</b>							
SIP16	-	1.1	-	-	1.1	830.5	755.0
Proposals	10.7	60.4	77.2	34.4	182.7	105,030.5	574.9
Other statutory reports/meetings	9.0	33.0	34.6	67.6	144.2	67,404.0	467.4
<b>Subtotal</b>	<b>19.7</b>	<b>94.5</b>	<b>111.8</b>	<b>102.0</b>	<b>328.0</b>	<b>173,265.0</b>	
<b>Other</b>							
Media	25	11.3	35	0	71.3	31,484.0	441.6
Technology	0	30.5	76.1	0	106.6	56,017.0	525.5
<b>Subtotal</b>	<b>25.0</b>	<b>41.8</b>	<b>111.1</b>	<b>0.0</b>	<b>177.9</b>	<b>87,501.0</b>	
<b>Total Time by Grade</b>	<b>181.8</b>	<b>476.9</b>	<b>631.9</b>	<b>469.0</b>	<b>1,759.6</b>		
<b>Total Cost by Grade</b>	<b>146,552.5</b>	<b>323,537.5</b>	<b>320,380.5</b>	<b>105,728.0</b>	<b>896,198.5</b>		
<b>Average by Grade</b>	<b>806.1</b>	<b>678.4</b>	<b>507.0</b>	<b>225.4</b>	<b>509.3</b>		
	Time Costs	Category 1	Category 2	Total			
<b>Total Costs to Date</b>	<b>896,198.5</b>	<b>77.35</b>	<b>25122.44</b>	<b>921,398.3</b>			
<b>Amount Billed</b>	<b>800,000.0</b>	<b>77.35</b>	<b>25122.44</b>	<b>825,199.8</b>			
<b>Total Written Off</b>	<b>96,198.5</b>	<b>0.0</b>	<b>0.0</b>	<b>96,198.5</b>			