

Finbarr O’Connell, Emma Thompson, Adam Stephens and Andy McGill were appointed Joint Administrators (the “Administrators”) of Park First Freeholds Limited (in administration), Park First Glasgow Rentals Limited (in administration), Park First Gatwick Rentals Limited (in administration) and Help Me Park Gatwick Limited (in administration) - (together the “Companies”) on 4th July 2019

We have prepared this document to provide an update to investors and creditors on the progress of the administrations of the Companies.

**Park First Freeholds Limited (in administration),
Park First Glasgow Rentals Limited (in administration),
Park First Gatwick Rentals Limited (in administration) and
Help Me Park Gatwick Limited (in administration)
(together “Park First” or the “Companies”)**

UPDATE TO INVESTORS AND CREDITORS

Date 3rd December 2020

All statutory reports and investor updates are available to download from the Joint Administrators' website at: <https://www.smithandwilliamson.com/park-first>

Timing of issuing the CVAs

As you may be aware, the FCA has brought legal proceedings against Mr Whittaker and certain Park First companies and individuals. The Court has made directions for the conduct of the case and preparations for a trial beginning in February 2022, with a time estimate of 10 weeks.

The FCA is currently liaising with the defendants to the litigation and the Joint Administrators with a view to securing, if possible, further contributions to the CVAs which in turn means there may be additional funds available for distribution to investors. Whilst these discussions remain ongoing, it does not make sense for the CVA proposals and calculation of the estimated outcomes for investors and creditors to be finalised. All going to plan, it should be possible to issue CVA proposals during February 2021.

The Joint Administrators' investigation work continues, and the results of the investigations will feed into the ongoing discussions. In the meantime, the preparations for the FCA trial will continue.

Payment of guaranteed rents to investors

We appreciate that investors would like to receive the guaranteed rent expense accruing under their leases as soon as possible and the Administrators are working to achieve this.

For what period will the rents be paid?

Investors entitled to rent payments under the terms of their leases will receive rent from the date of administration of the Companies, being 4 July 2019, up to 2 November 2020, being the date that the operating companies (Paypark Limited and Airport Parking Rentals Gatwick Limited) (the "OpCos") went into administration.

The Administrators of the OpCos took steps to immediately cease the car parking operations at the car parking sites following the administration of the OpCos and therefore as the land is no longer being used, the rents have ceased to accrue since 2 November 2020.

Please be assured that the Administrators' intention is for these payments to be made to investors as soon as possible, and they will be requesting further monies from the Luton Fund in order to be in a position to make these rental payments in full to investors.

Timing

As we have previously explained, the cost of making the guaranteed rent payments to investors will be significant and we therefore want to, wherever possible, make one lump sum payment to investors to mitigate this expense. There are numerous complexities involved in paying rents (and dividend payments) to many thousands of investors. This includes, but is not limited to: -

- Dealing with out of date account details (including updating and verifying individual investors' account and contact details);
- Addressing investor queries that will arise from making these payments;

- Adhering to any non-resident landlord (“NRL”) tax requirements (including withholding amounts due by overseas investors to HM Revenue & Customs in respect of the NRL tax regime);
- Physically processing (inputting and approving) many thousands of payments through online banking systems and issuing cheques, as appropriate; and,
- Dealing with returned payments.

Which investors will receive guaranteed rents?

Given the uncertainty around the various stages of completion of ‘buyback’ and ‘lifetime lease’ documentation, the Administrators have sought legal advice on which investors are entitled to receive the guaranteed rents during the period of the administration.

The relevant Companies will be paying guaranteed rents (at the level of £400 per annum for Glasgow and £500 per annum for Gatwick) to all fully paid up investors.

Administrators’ remuneration and administration expenses

The Administrators will be holding meetings of the creditors’ committees later today where they will be seeking approval to the basis of their remuneration on a set amount (or fixed fee) basis. As such, the Administrators have provided a summary of remuneration and expenses report to investors and creditors which is set out below.

TO ALL INVESTORS AND CREDITORS

3 December 2020

Park First Freeholds Limited, Park First Glasgow Rentals Limited, Park First Gatwick Rentals Limited and Help Me Park Gatwick Limited (all in administration) (together the "Companies")

In line with the request of the creditors' committees, the Administrators are proposing to change the basis of their remuneration from time costs to a set amount (also known as a fixed fee). The creditors' committees will be responsible for approving the basis and quantum of the Administrators' remuneration. The information in this report is provided to all investors and creditors for information purposes only.

The set amounts, or fixed fees, for the Administrators' remuneration for the entire period of the administrations of the Companies are set out below: -

	£
Park First Freeholds Limited	565,445
Help Me Park Gatwick Limited	463,690
Park First Gatwick Rentals Limited	2,152,469
Park First Glasgow Rentals Limited	2,175,105
Total	<u>5,356,709</u>

This report provides a summary of:

- (a) the forecast expenses of the Administrations;
- (b) an explanation as to why a fixed fee is appropriate in these circumstances; and
- (c) a description of the work that will be undertaken during the Administrations.

Smith & Williamson LLP

The affairs, business and property of the Companies are being managed by the administrators Finbarr Thomas O'Connell, Adam Henry Stephens, Andrew Stephen McGill and Emma Louise Thompson who act as agents of the Companies and without personal liability.

Finbarr Thomas O'Connell, Adam Henry Stephens, Andrew Stephen McGill and Emma Louise Thompson are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. As such we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

The Fair Processing Notice in relation to the General Data Protection Regulation can be accessed at <http://smithandwilliamson.com/rsgdpr> Should you wish to be supplied with a hard copy, free of charge, please contact the staff member above.

The word partner is used to refer to a member of Smith & Williamson LLP. A list of members is available at the registered office
Registered in England at 25 Moorgate, London EC2R 6AY No OC369631
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(a) Forecast expenses for the Administrations of the Companies

	Total net fees	Disbursements	VAT	Gross	Paid to date	Future payments
Smith & Williamson LLP	5,356,709	30,071	1,077,356	6,464,136	2,922,111	3,542,025
Smith & Williamson LLP (pre-appt)	69,938	-	13,988	83,926	-	83,926
Paul Hastings (Europe) LLP	2,344,643	96,082	488,145	2,928,870	1,512,518	1,416,352
Mishcon de Reya LLP	492,042	44,095	104,124	640,262	288,574	351,688
Fraser Real Estate Limited - Property	211,143	4,373	43,103	258,620	94,820	163,800
Field Fisher - Stamp advice	9,000	270	1,854	11,124	-	11,124
Brodies - Scottish legal advice	175,000	5,250	36,050	216,300	-	216,300
MRO Consultants Limited	51,340	755	10,315	62,410	43,642	18,768
Marsh Limited - Insurance	58,800	-	-	58,800	-	58,800
Grant Thornton LLP - Valuations	25,000	-	5,000	30,000	-	30,000
Rental amounts	6,917,567	-	-	6,917,567	-	6,917,567
Total	15,711,182	180,897	1,779,936	17,672,015	4,861,666	12,810,349

(b) Explanation as to why a fixed fee is appropriate

- The Administrators now propose changing the basis of their remuneration to be a set amount totalling £5,356,709 for all of the Companies up to 28 February 2021, being the forecast date to circulate the CVA proposals to investors and creditors. This will allow greater certainty for the investors and creditors regarding the level of the Administrators' remuneration and therefore overall outcome from the administrations.
- Over the period of the administrations, a number of unforeseen events, including enhanced creditor engagement, the huge volume of information to collect in and review plus the COVID-19 pandemic have disrupted the administrators' ability to finalise the CVA proposals within the first year of the administrations, which has also increased time costs over the period.
- Fixing the level of the administrators' fees will allow for more accurate calculations to be made in preparing the estimated outcome statements which compare the CVA proposals to any other potential outcome.
- A fixed fee basis will allow cost savings to be made in the administrations as the reporting requirements under a fixed fee are much less onerous (for example, detailed time cost analysis will no longer need to be provided).

(c) Explanation of major work activities to be undertaken by the Administrators of the Companies

Explanation of major work activities still to be undertaken

We have previously provided detailed descriptions of the work to be undertaken in the administrations. Set out below are details of the future tasks to be completed generally in the administrations and to launch of the CVAs.

CVAs

1. Finalise terms of CVAs with various stakeholders:
 - Finalise terms of CVAs and liaising with related parties (ie OpCos, Group First Group ('GFG'), Toby Whittaker and the FCA) and agreeing the basis on which the Luton pledged funds will be released for the benefit of the CVAs.
 - Determine the optimal structure for the CVAs to deliver the best outcome for all creditors/investors.
 - Consider advice received from legal advisors regarding the CVA terms.
2. Finalise the CVA proposals and associated documents:
 - Finalise the CVA documents and necessary statutory documentation.
 - Liaising with MdR in relation to reviewing the proposals and addressing subsequent amendments.
 - Prepare comparison of outcomes to show whether the CVAs provide the best return to creditors, including investors, compared with the possible alternatives.
 - Negotiate and agree terms of a services agreement between the OpCos and RentalCos.
3. Tax and stamp advice
 - Advice regarding implications of the restructuring on stamp duty and SDLT both in England and Scotland, and
 - Obtain corporate tax advice regarding the restructuring of the group and mitigating tax liabilities for the benefit of investors and creditors.
4. Meetings of investors and creditors:
 - Circulate CVA proposals and notices to creditors.
 - Convene CVA meetings either virtually or physically (including relevant notices), prepare for and chair the CVA meetings and deal with any adjournments thereof.
 - Setting up and testing online voting portal.
 - Record investor and creditor claims received.
 - Record votes received from creditors, including investors.
5. Outcome of meetings:
 - Adjudication of investor and creditor claims received.
 - Record votes received to the correct administration estate and determine the outcome of the voting.

Investigations

- Finalising the forensics analysis around potential mis-selling and cash tracing.
- Asset assessment for litigation targets (including land registry and Companies House searches).
- Consider possible actions (including legal recourse) to restore assets of the Companies or to obtain compensation for the Companies regarding their financial losses, if appropriate.
- Negotiations with GFG and Toby Whittaker regarding additional contributions to be made into the CVAs.
- Completion of statutory investigations including obtaining and reviewing third party documents.

- Reviewing and analysing company and third-party banking transactions.
- Further enquiries and assessments into the quantum and appropriateness of agent's commissions.
- Review of security documentation and redemption figures for the GFG properties.

Negotiations

- Preparation for discussions between Toby Whittaker and the FCA in early January 2021.
- Providing information and analysis on the CVA outcome to the FCA.
- Analysing financial data and reviewing figures in order to obtain the best outcome for creditors/investors.
- Attendance at meetings.

General administration

- Consider alternative strategies should CVAs not be approved by creditors and investors.
- Deal with routine correspondence, maintain case files and case reviews.
- Submit all relevant pre and post VAT and Corporation Tax returns.
- Obtain Corporation Tax clearance.
- Draft and file statutory reports including six monthly and final report and deal with other statutory matters.

Creditors and committees

- Respond to creditor and investor correspondence via letter, email and telephone.
- Deal with creditors' committee correspondence via email and telephone.
- Setting up and attending meetings of the creditors' committees and communication thereafter.
- Liaising with HMRC regarding the level of outstanding claims.
- Prepare reports and documents for the creditors' committee meetings.
- Receive and consider feedback from the creditors' committees regarding the CVA proposals.
- Address any concerns and points raised by the creditors' committees and agree strategy going forward.

A description of the work undertaken in the period from 4 January 2020 to 3 July 2020 has been included in the Administrators' progress report available to download here:

<https://smithandwilliamson.com/media/7535/six-month-progress-report-4-january-2020-to-3-july-2020-final.pdf>

A description of the work undertaken in the period from 4 July 2019 to 3 January 2020 has been included in the Administrators' progress report available to download here:

<https://smithandwilliamson.com/media/6346/park-first-progress-report-from-4-july-2019-to-3-january-2020.pdf>