

**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 8 March 2021**

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

## Update on CVA proposals

As explained in our December 2020 update, the Joint Administrators and the FCA are liaising with the defendants to the FCA's litigation (being Toby Whittaker and various related individuals and companies) with a view to securing, if possible, further contributions to the CVAs.

We had hoped that an agreement would have been reached by this stage, however, these discussions are still ongoing. The future of the Companies and the CVAs depends on the outcome of these discussions, as:

- (i) any possible additional sums to be made available to investors and creditors resulting from these discussions may be made available as a "top up" contribution into the CVAs, and
- (ii) release of the Luton Fund requires the consent of both the FCA and Toby Whittaker (or a Court order) and it is possible that such consent may not be forthcoming from Mr Whittaker unless an agreement is reached between the FCA and the defendants. Given that obtaining a Court order would be costly and time-consuming, it is preferable for the Luton Fund to be released by consent.

It therefore makes sense not to issue the CVA proposals whilst these discussions remain ongoing. We have been mindful not to incur unnecessary professional fees and are therefore not progressing with finalising the CVAs at this time. It is also likely that the CVA proposals will need to be updated in certain places to reflect the results of any discussions. We will therefore wait for the results of the discussions before finalising the CVAs and/ or in reaching a decision as to when to make any payments to investors and creditors, for example in respect of any rents due, given we hope discussions will conclude over the next four weeks.

## What will happen if no agreement is reached?

At a high level, there are two possible options here:

- (i) We can come to an agreement with the FCA and the litigation defendants, such that the CVA proposals can be issued, or
- (ii) If no such agreement can be reached, the Companies may go into liquidation.

Option (i) is our preferred route and this is what we have been working towards as we feel it would result in the best outcome for all investors and creditors, in relation to dividend prospects, timing, and continuance of the underlying business.

If it is not possible to proceed with our preferred route however, we may need to take steps to place the Companies into liquidation. This has always been an available contingency plan (as set out in the Administrators' Proposals) but as this may not result in the best outcome for investors and creditors, we haven't yet taken steps to place the Companies into liquidation.

## What might happen if the Companies go into liquidation?

**N.B. Please note the below is hypothetical and subject to the result of sensitive discussions which are taking place and are hoped to be concluded over the next four weeks**

A liquidation is different to an administration in that, a liquidator's role is, primarily, to realise assets for the benefit of investors and creditors, whereas an administrator's role is, first and foremost, to rescue the company as a going concern.

Accordingly, a liquidator may take the following steps to limit liabilities accruing and realise assets for the benefit of investors and creditors:

- Disclaim all onerous leases (in this case, the lifetime leases, and any remaining sub-leases). Investors' headleases are interests in land and, therefore, could not be disclaimed.
- Market and sell the freehold interests in the car parks, subject to investors' headleases (it is worth noting that under the terms of the investors' headleases, annual ground rents are still payable to the freeholder and failure to make these payments may result in investors being in breach of the terms of their leases).
- Seek to recover all debtor balances due to the Companies (primarily being those amounts due from connected and other group companies).
- Consider, and if thought appropriate, commence proceedings against relevant parties (whether individuals or companies) to recover funds for the benefit of investors and creditors. Any proceedings that are brought will come at a significant cost to the liquidation estates and could take three to five years to resolve.

## Next steps

We appreciate that these ongoing delays are frustrating to investors and creditors, but we are working to progress matters as quickly as possible to ensure the best outcome for investors and creditors is achieved.

We will consider making an interim payment to investors and creditors if an agreement is not reached between the litigation parties regarding the CVA proposals.