

TO ALL KNOWN CREDITORS

5 October 2020

Ref: ML5W/ARB/DE/SL/OD/LO3472

Olivia Dunning
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Dear Sirs

Heritable Capital Partners Limited (In Administration) (“the Company”)

I write to provide you with our final progress report in the administration, which includes details of the outcome. This report covers the period from 15 October 2019 to 5 October 2020 and should be read in conjunction with the Administrators’ proposals dated 21 November 2008 (the “Proposals”) and the Administrators’ progress reports dated 13 May 2009 (the “May 2009 Report”), 9 November 2009 (the “November 2009 Report”), 13 May 2010 (the “May 2010 Report”), 10 November 2010 (the “November 2010 Report”), 11 May 2011 (the “May 2011 Report”), 10 November 2011 (the “November 2011 Report”), 2 May 2012 (the “May 2012 Report”), 14 November 2012 (the “November 2012 Report”), 7 May 2013 (the “May 2013 Report”), 12 November 2013 (the “November 2013 Report”), 13 May 2014 (the “May 2014 Report”), 5 November 2014 (the “November 2014 Report”), 6 May 2015 (the “May 2015 Report”), 12 November 2015 (the “November 2015 Report”), 10 May 2016 (the “May 2016 Report”), 11 November 2016 (the “November 2016 Report”) and 4 May 2017 (the “May 2017 Report”), 14 November 2017 (the “November 2017 Report”), 8 May 2018 (the “May 2018 Report”), 14 November 2018 (the “November 2018 Report”), 20 May 2019 (the “May 2019 Report”), 21 November 2019 (“the November 2019 Report”) and 11 May 2020 (the “May 2020 Report”). Statutory information about the company, the administration and the office holders is given at Appendix 1.

The Company entered Administration on 15 October 2008 and Alan Robert Bloom and Thomas Merchant Burton were appointed to act as Joint Administrators (the “Administrators”). The appointment was made by the Company’s directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986 (the “Act”).

As previously advised, Thomas Merchant Burton was removed as a Joint Administrator and Colin Peter Dempster was appointed as his replacement by an order of the Court made on 17 June 2013 under the provisions of paragraph 88 of Schedule B1 of the Act and rule 7.10B(2) of the Insolvency Rules 1986.

Summary of Progress since the May 2020 Report

1. Closure

The Joint Administrators consider that the administration of the Company is ready to be concluded. Since the May 2020 report, the Joint Administrators have been planning the closure of the administration to dissolution and the timetable for this in line with relevant legislation and the parallel closure of the administration of the Company’s parent entity Heritable Bank plc (in administration) (“Heritable”). A final distribution was made to creditors from Heritable in July 2020. There are no further funds to be distributed.

2. Receipts and Payments Account

I enclose a receipts and payments account for the period from 15 October 2008 to 5 October 2020.

3. Joint Administrators' Remuneration and Disbursements

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

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

The Joint Administrators' remuneration was fixed on a time-cost basis by a resolution of the creditors passed on 9 December 2008. To date, the Administrators have incurred time costs, excluding VAT, of £1,375,186.05, against which the sum of £1,341,829.30 has been drawn.

During the period covered by this report, we have charged remuneration of £48,404.50 (excl. VAT). Of this sum, £41,902.95 (excl. VAT and Category 1 disbursements) has been billed and paid.

An analysis of the time spent is attached as Appendix 4 to this report.

4. Joint Administrators' statement of expenses incurred

During the period covered by this report, the Joint Administrators have incurred expenses totalling £57.16 plus VAT. There is a breakdown of expenses incurred in the period and to date at Appendix 3 to this report.

5. Creditors

5.1 Secured Creditors

The Company's only secured creditor is Heritable, which holds fixed and floating charges over all of the Company's assets.

5.2 Preferential Creditors

There are no preferential creditors of the Company as all employees were employed by Heritable and, as such, have claimed within that Administration.

5.3 Non-preferential Creditors

Intercompany

At the date of Administration, the intercompany balance owed by the Company to Heritable was £24.1 million. The total amount owing has subsequently reduced to £20.0 million by reason of the set-off described in the May 2009 Report in connection with the Swaylands project.

Other Creditors

The indebtedness to Heritable makes up the majority of the Company's creditor balance, with other creditor claims totalling £1.3 million. To date, we have received claims from unsecured creditors totalling £491,529. As no distribution will be made to unsecured creditors, these claims will not be adjudicated upon.

The Joint Administrators had also received a claim from SEML in the sum of £322,590. This claim has been rejected.

The Prescribed Part

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

As stated above, a floating charge was granted by the Company over all present and future assets in favour of Heritable. As the charge was created after 15 September 2003, the prescribed part does apply.

As reported previously, however, having reviewed the scope of the security, the Administrators do not believe that there are any assets subject to this floating charge which are not also the subject of (prior ranking) fixed charges granted in favour of Heritable. As such, there is no net property available under the floating charge out of which a prescribed part could be set aside.

Distributions to Creditors

As previously reported, the Company's investments were in large complicated joint venture developments that have taken considerable time to unwind. Due to the fact that the Company's exposures rank behind the Heritable debt funding and that impairments have also been experienced across a number of the loans, there will be no return to unsecured creditors.

Notice of no further dividend

In accordance with Rule 14.37(2) of the Insolvency (England and Wales) Rules 2016, I give notice that we are unable to declare any further dividend to creditors because the funds realised have already been distributed or used or allocated for paying the expenses of the administration.

The outcome of the administration

The purpose of the administration has been sufficiently achieved.

An application was made to court pursuant to paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986 and an order was granted on 28 May 2020 declaring that the Joint Administrators shall be discharged from liability with effect from the date upon which the Registrar of Companies registers a notice filed by the Joint Administrators pursuant to paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 to move from administration to dissolution of the Company.

In accordance with the terms of the proposals, as there are no further assets to be realised or distributions to be made, the Company will move from administration to dissolution. The administration will come to an end on the date on which the notice is registered by Companies House and the Company will be deemed to be dissolved three months later.

Should you have any remaining questions about the administration, please do not hesitate to contact Olivia Dunning on the direct line above.

Yours faithfully

for Heritable Capital Partners Limited (In Administration)



AR Bloom
Joint Administrator

Enc: Joint Administrators' Receipts and Payments Account
Summary of Expenses incurred
Summary of Joint Administrators' Time-Costs and Category 2 Disbursements
Form AM25
Form AM23
Court Order

The Institute of Chartered Accountants in England and Wales authorises Alan Robert Bloom to act as Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986 and the Institute of Chartered Accountants of Scotland authorises Colin Dempster to act as an Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of the Company are being managed by the Joint Administrators, Alan Robert Bloom and Colin Dempster, 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 General Data Protection Regulation 2016/679, 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.

Appendix 1

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice
Court reference:	Number 8979 of 2008
Registered name of the company:	Heritable Capital Partners Limited
Registered office address of the company:	Ernst & Young LLP, 1 More London Place, London SE1 2AF
Registered number:	01494348
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A
Date of appointment of the joint administrators:	15 October 2008
Details of any changes of administrator:	Thomas Merchant Burton was removed as a Joint Administrator and Colin Peter Dempster was appointed as his replacement by an order of the Court made on 17 June 2013 under the provisions of paragraph 88 of Schedule B1 of the Act and rule 7.10B(2) of the Insolvency Rules 1986
Full names of the administrators:	Alan Robert Bloom; Colin Peter Dempster
Office holder number(s):	6462 and 8908
Administrators' address(es):	Ernst & Young LLP 1 More London Place, London SE1 2AF
Telephone number:	020 7951 5156
Name of alternative person to contact with enquiries about the case:	Olivia Dunning

Appendix 2

Heritable Capital Partners Limited (In Administration)

Joint Administrators' Abstract of Receipts and Payments from 15 October 2008 to 5 October 2020

	Balance as at 14 April 2020	Movement between 15 April 2020 to 5 October 2020	Balance as at 5 October 2020
	£	£	£
Receipts			
Funds received from Heritable	14,613,160.19	0.00	14,613,160.19
Capital Repayment	321,525.27	0.00	321,525.27
VAT reimbursement	23,040.85	0.00	23,040.85
Interest Repayment	5,573.72	0.00	5,573.72
Capital Reduction	200,000.00	0.00	200,000.00
Miscellaneous Refunds	400.41	0.00	400.41
Bank Interest	7,116.74	92.63	7,209.37
	<u>15,170,817.18</u>	<u>92.63</u>	<u>15,170,909.81</u>
Payments			
Administrators' Fees	1,299,869.19	41,960.11	1,341,829.30
Legal Fees	1,341,186.08	40,000.00	1,381,186.08
Insurance	49,575.62	0.00	49,575.62
Legal Disbursements	1,792.13	0.00	1,792.13
HCP Drawdowns	4,634,230.39	0.00	4,634,230.39
Fire safety settlement	107,000.00	0.00	107,000.00
Swaylands	4,490,431.87	0.00	4,490,431.87
Interest Payments	1,408,856.37	0.00	1,408,856.37
Bank Charges	78.50	1.20	79.10
Sundry Payments*	4,996.63	0.00	4,996.63
Other Staff Costs*	50,110.22	0.00	50,110.22
Salaries*	877,011.42	0.00	877,011.42
Employee Benefits*	84,367.89	0.00	84,367.89
Equipment Supplies*	25,917.89	0.00	25,917.89
IT Costs*	145,734.41	0.00	145,734.41
Premises*	201,452.72	0.00	201,452.72
Finance*	157,497.92	0.00	157,497.92
House Management*	105,194.81	0.00	105,194.81
Human Resources*	24,666.00	0.00	24,666.00
Loans Administration*	58,498.00	0.00	58,498.00
Input VAT	0.00	20,481.04	20,481.04
	<u>15,068,468.06</u>	<u>81,961.31</u>	<u>15,170,909.81</u>
Cash at Bank	<u>102,349.12</u>	<u>(81,868.68)</u>	<u>(0.00)</u>

Notes

1. Receipts and payments are stated net of VAT.
2. The stock and work in progress that existed at the date of our appointment has been consumed in the process of trading or returned to suppliers under claims for retention of title.

Appendix 3

Heritable Capital Partners Limited (In Administration)

Summary of joint administrators' expenses incurred

Type of Outlay	Paid as at 14/04/2020	Paid in Period 15/04/20 to 05/10/2020	Outstanding	Total
Payments made from the estate which are not disbursements (see notes 1 and 2 at the end of this table)				
Rent, Rates & Insurance	£ 251,028.34	-	-	£ 251,028.34
Swaylands Property	£ 4,490,431.87	-	-	£ 4,490,431.87
Public Notices & Sundry Costs	£ 4,996.63	-	-	£ 4,996.63
Staff Costs	£ 1,011,489.53	-	-	£ 1,011,489.53
Fire Safety Settlement	£ 107,000.00	-	-	£ 107,000.00
Equipment	£ 25,917.89	-	-	£ 25,917.89
Premises	£ 201,452.72	-	-	£ 201,452.72
Legal Fees	£ 1,342,978.21	£ 40,000.00	-	£ 1,382,978.21
Bank Charges	£ 78.50	£ 1.20	-	£ 79.70
Costs of Business	£ 491,591.14	-	-	£ 491,591.14
Interest Payments	£ 1,408,856.37	-	-	£ 1,408,856.37
Category 1 disbursements (see Note 2)	-	-	-	-
Category 2 disbursements (see Note 2)				-
Postage and printing	£ -	£ 57.16		£ 57.16
Totals:				
Expenses	£ 9,335,821.20	£ 40,001.20	-	£ 9,375,822.40
Category 1	£ -	£ -	£ -	£ -
Category 2	-	£ 57.16	-	£ 57.16

Notes

- 1 Statement of Insolvency Practice 9 (SIP 9) defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- 2 SIP 9 defines disbursements as a type of expense which is met by, and reimbursed to, an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.
 - Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment
 - Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.

Appendix 4

Heritable Capital Partners Limited (In Administration)

Summary of Joint Administrators' Time-Costs from 15 April 2020 to 5 October 2020 (excluding VAT)

Classification of work function	Director	Manager	Senior	Staff	Executive Director	Total Hours	Total Time Costs (£)	Average Hourly Rate (£)
Accounting & Administration		6.9	4.7			11.6	4,193.40	361.50
Bank & Statutory Reporting		5.8		13.2		19.0	4,967.80	261.46
Creditors	5	0.9		6		11.9	4,817.50	404.83
Legal Issues		2.4				2.4	996.00	415.00
Statutory Duties	15	0.7				15.7	10,130.50	645.25
VAT & Taxation	6	4.3	24.1	55.3	1.8	91.5	23,299.30	254.64
Total	26.0	21.0	28.8	74.5	1.8	152.1	48,404.50	318.24

Summary of Joint Administrators' Time-Costs from 15 October 2008 to 5 October 2020 (excluding VAT)

Classification of work function	Partner	Executive Director	Director	Manager	Senior	Staff	Total Hours	Total Time Costs (£)	Average Hourly Rate (£)
Accounting & Administration	-	-	0.6	16.6	28.4	78.2	123.8	£28,770.05	£232.39
Bank & Statutory Reporting	1.5	-	19.5	27.8	24.9	37.9	111.6	£36,666.03	£328.55
Creditors	1.0	-	24.6	51.8	37.4	36.1	150.9	£49,755.61	£329.73
Debtors	-	-	-	-	5.0	-	5.0	£1,505.00	£301.00
Investigations & CDDA	-	-	-	-	15.7	-	15.7	£3,218.50	£205.00
Legal Issues	3.0	-	2.0	12.2	0.6	17.6	35.4	£10,635.04	£300.42
Other Matters	-	-	7.9	-	3.0	-	10.9	£5,543.50	£508.58
Property	356.3	229.3	659.2	19.0	496.9	29.8	1,790.5	£1,038,985.35	£580.28
Sale Process	8.6	3.0	2.0	-	-	-	13.6	£9,055.00	£665.81
Statutory Duties	5.3	-	27.8	32.7	129.2	16.7	211.7	£77,757.04	£367.30
Trading	-	-	4.5	1.0	3.0	-	8.5	£3,495.00	£411.18
VAT & Taxation	-	3.8	40.3	40.5	78.9	138.2	301.7	£109,799.93	£363.94
Total	375.7	236.1	788.4	201.6	823.0	354.5	2,779.3	1,375,186.05	£494.80

Charge out rates for the Administration team

Grade	Rates for Restructuring 2019/20
Partner	804
Executive Director	769
Director	656
Assistant Director	547
Senior Executive	415
Executive	307
Analyst	194



CASE NO. CR-2018-000022

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (CHD)**

CR-2008-000022

**INSOLVENCY AND COMPANIES COURT JUDGE JONES
THURSDAY, 28 MAY 2020**

**IN THE MATTER OF HERITABLE CAPITAL PARTNERS LIMITED (IN
ADMINISTRATION)**

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

(1) ALAN ROBERT BLOOM

(2) COLIN PETER DEMPSTER

(as Joint Administrators of Heritable Capital Partners Limited (in
administration) (the **Company**))

Applicants

ORDER

UPON THE APPLICATION OF Alan Robert Bloom and Colin Peter Dempster of Ernst & Young LLP, 1 More London Place, London, SE1 2AF, as Joint Administrators of Heritable Capital Partners Limited (in administration) by Application Notice dated 23 March 2020 (the **Application**)

AND UPON READING the witness statement of Alan Robert Bloom dated 23 March 2020 in support of the Application

AND UPON HEARING Mr Andrew Shaw, counsel for the Joint Administrators

IT IS DECLARED THAT pursuant to paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986, the Joint Administrators shall be discharged from liability with effect from the date upon which the Registrar of Companies in England & Wales registers a notice filed by the Joint Administrators pursuant to paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 to move from administration to dissolution of the Company in accordance with a decision of the Company's creditors dated 19 March 2020.

AND IT IS ORDERED THAT:

1. Pursuant to paragraph 63 of Schedule B1 to the Insolvency Act 1986, from the date of this order, no expense claims in the administration of the Company may be made against the Joint Administrators which would otherwise be payable out of the funds available for distribution to Heritable Bank plc, as the sole creditor of the Company.
2. Pursuant to paragraph 63 of Schedule B1 to the Insolvency Act 1986, the Joint Administrators may from the date of this order make a final distribution to Heritable Bank plc, the Company's sole secured creditor.
3. The costs of and incidental to the Application be paid as an expense of the administration.

The Court has provided a sealed copy of this order to: Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS.