

To All Known Creditors

21 November 2008

Our ref: LO3472/AB/JB/OL/PF5

Jamshed Zia: 0207 951 7166
Amer Saleem: 0207 951 3539

Direct Fax: 020 7951 9997

jzia@uk.ey.com
asaleem@uk.ey.com

Dear Sirs

Heritable Capital Partners Limited (in Administration) (the "Company")

I write further to the appointment of TM Burton and myself as Joint Administrators of the Company and attach a copy of the Administrators' Statement of Proposals in accordance with paragraph 49 of Schedule B1 to the Insolvency Act 1986.

Formal notices convening the statutory meeting of the creditors pursuant to paragraph 51 of Schedule B1 to the Insolvency Act 1986 are enclosed. Creditors of the Company will only be permitted to vote provided that details of their relevant claims are received no later than 12 noon on **Monday 8th December 2008**, in accordance with Rule 2.38(1) of the Insolvency Rules 1986. A Notice of Claim form is also enclosed for this purpose.

Please note that you are not obliged to attend the creditors' meeting and you will not compromise your claim and entitlement to dividend if you do not attend. The law recognises that creditors are not always able to attend in person and allows you to ask a representative to attend as proxy and vote on your behalf.

A proxy form for voting purposes is therefore also enclosed to enable a representative to attend the meeting on your behalf. Please note that your completed proxy form should be lodged with the Joint Administrators at Ernst & Young LLP, 1 More London Place, London, SE1 2AF for the attention of Jamshed Zia or Amer Saleem and should be received no later than 12 noon on **Monday 8th December 2008**. Faxed copies will be accepted and should be sent to 020 7951 9997 also for the attention of Jamshed Zia or Amer Saleem. You may also email completed forms to jzia@uk.ey.com or asaleem@uk.ey.com.

For further information regarding Notice of Claim forms and voting by proxy, please see the common questions and answers enclosed at Appendix F of the Statement of Proposals.

Where possible, any creditor wishing to be considered for election to the creditors' committee should inform the Administrators of their interest prior to the creditors' meeting and if possible by 12 noon on **Monday 8th December 2008**, in order that the voting process can be conducted more efficiently on the day. Again, please advise Jamshed Zia or Amer Saleem on the above address, fax number or email addresses.



If you have any queries concerning this report or the enclosures please contact the Joint Administrators, at Ernst & Young LLP, 1 More London Place, London, SE1 2AF or Jamshed Zia on 0207 951 7166 or Amer Saleem 0207 951 3539 or by fax on 020 7951 9997.

Yours faithfully
for Heritable Capital Partners Limited (in Administration)



AR Bloom
Joint Administrator

Enc: Administrators' statement of proposals
Form 2.20B - notice of creditors' meeting
Form 8.2- proxy form
Notice of claim form for voting purposes

The Institute of Chartered Accountants of Scotland authorises Thomas Merchant Burton to act as an Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986. The Institute of Chartered Accountants in England and Wales authorises A R Bloom to act as 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 who act as agents of the Company only and without personal liability

The Insolvency Act 1986

Administration Notice of Claim For Voting Purposes

Convocatoria para la presentación de créditos. Plazos aplicables.
Opfordring til anmeldelse af fordringer. Vær opmærksom på fristerne
Aufforderung zur Anmeldung einer Forderung. Etwaige Fristen beachten!
Πρόσκληση για αναγγελία απαιτήσεως. Προσοχή στις προθεσμίες
Invitation to lodge a claim. Time limits to be observed
Invitation à produire une créance. Délais à respecter
Invito all'insinuazione di un credito. Termine da osservare
Oproep tot indiening van schuldvorderingen. In acht te nemen termijnen
Aviso de reclamação de créditos. Prazos legais a observar
Kehotus saatavan ilmoittamiseen. Noudatettavat määräajat
Anmodan att anmäla fordran. Tidsfrister att iakta

Heritable Capital Partners Limited (in Administration)

Date of Administration: 15 October 2008

PLEASE NOTE: Once completed, this form will be used by the Joint Administrators ONLY for the purposes of voting, either at a forthcoming meeting of creditors or for a resolution by correspondence. The form will not constitute admission of the claim to rank for dividend in this or any subsequent procedure. For further information see Rules 2.38 to 2.42 of the Insolvency Rules 1986.

Name of Creditor

Address

Amount claimed (see over)

Payments received in settlement or part settlement of the debt

Is the claim preferential or

If secured, value of security

If you made a retention of title claim against the company please attach details (see over - Rule 2.42)

Signature on behalf of creditor

Date

File with Olivia Lancaster

Reviewed by _____

Notes To Administration Proof Of Debt Form:

1. Please attach a detailed statement of your account as at the date on which the company entered administration
2. If your claim is preferential (e.g. for wages, holiday pay or certain pension arrears) or secured please give details and attach supporting documentation.
3. VAT bad debt relief may usually be claimed six months after the date of supply.

Extracts from the Insolvency Rules 1986.

2.40 Secured creditors

- (1) At a meeting of creditors a secured creditor is entitled to vote only in respect of the balance (if any) of his debt after deducting the value of his security as estimated by him.
- (2) However, in a case where the administrator has made a statement under paragraph 52(1)(b) and an initial creditors' meeting has been requisitioned under paragraph 52(2) then a secured creditor is entitled to vote in respect of the full value of his debt without any deduction of the value of his security.

2.41 Holders of negotiable instruments

A creditor shall not vote in respect of a debt on, or secured by, a current bill of exchange or promissory note, unless he is willing –

- (a) to treat the liability to him on the bill or note of every person who is liable on it antecedently to the company, and against whom a bankruptcy order has not been made (or, in the case of a company, which has not gone into liquidation), as a security in his hands; and....
- (b) to estimate the value of the security and, for the purpose of his entitlement to vote, to deduct it from his claim.

2.42 Hire-purchase, conditional sale and chattel leasing agreements

- (1) Subject as follows, an owner of goods under a hire-purchase or chattel leasing agreement, or a seller of goods under a conditional sale agreement, is entitled to vote in respect of the amount of the debt due and payable to him by the company on the date that the company entered administration.
- (2) In calculating the amount of any debt for this purpose, no account shall be taken of any amount attributable to the exercise of any right under the relevant agreement, so far as the right has become exercisable solely by virtue of the making of an administration application, a notice of intention to appoint an administrator or any matter arising as a consequence, or of the company entering administration.

Rule 8.1 Insolvency Act 1986
 Proxy (Administration)

Heritable Capital Partners Limited (in Administration)

Please give full name and address for communication

Name of creditor _____

Address _____

Please insert name of person (who must be 18 or over) or the "chairman of the meeting". If you wish to provide for alternative proxy-holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Name of proxy-holder 1 _____

2 _____

3 _____

Please delete words in brackets if the proxy-holder is only to vote as directed i.e. he/she has no discretion

I appoint the above person to be my/the creditor's proxy-holder at the meeting of creditors to be held on 09 December 2008, or at any adjournment of that meeting. The proxy-holder is to propose or vote as instructed below [and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion].

Voting instructions for resolutions

*Please delete as appropriate

1. For the acceptance/rejection* of the administrator's proposals/revised proposals* as circulated

2. For the appointment of:
 (Name of Creditor)

Represented by: _____

as a member of the creditors' committee

3. In the event that a creditors' committee is not formed, to fix the administrators' remuneration on the basis of the time properly given by the administrators and their staff in attending to the matters arising in the administration. For/Against

4. In the event that a creditors' committee is not formed to approve the Administrators' time costs to the 14th November 2008 as detailed in Appendix C of the proposals. For/Against

5. In the event that a creditors' committee is not formed, to fix the administrators' Category 2 disbursements on the basis or bases set out in the proposals as circulated For/Against

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor/ member has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Remember: there may be resolutions on the other side of this form.

Notice of a meeting of creditors

Name of Company Heritable Capital Partners Limited	Company number 01494348
In the High Court of Justice [full name of court]	Court case number 8979/2008

(a) Insert full name(s) and address(es) of administrator(s) Notice is hereby given by (a) Alan Robert Bloom and Thomas Merchant Burton
Ernst & Young LLP, 1 More London Place, London, SE1 2AF

(b) Insert full name and address of registered office of the company that a meeting of the creditors of (b) c/-
Heritable Capital Partners Limited
1 More London Place, London, SE1 2AF

(c) Insert details of place of meeting is to be held at (c) New Connaught Rooms, 61-65 Great Queen Street, Covent Garden, London WC2B 5DA

(d) Insert date and time of meeting on (d) 09 December 2008 at 10am

The meeting is:

*(1) an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule");

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12.00 hours on the business day before the day fixed for the meeting, details in writing of your claim.

Signed 
 Joint / Administrators

Dated 21 November 2008

A copy of the proposals is attached

Heritable Capital Partners Ltd

(In Administration)

**Administrators' Statement of Proposals
Pursuant to Paragraph 49 of Schedule B1 to the
Insolvency Act 1986**

21 November 2008

Abbreviations

The following abbreviations are used in this report:

Act	Insolvency Act 1986
Administration	the administration of HCP
Administrators	AR Bloom and TM Burton of Ernst & Young LLP
EY	Ernst & Young LLP
FSA	Financial Services Authority
HCP	Heritable Capital Partners Ltd (In Administration)
Heritable	Heritable Bank Plc (In Administration)
LIHF	Landsbanki Islands Hf, the 100% parent company of Heritable
Rules	Insolvency Rules 1986

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

Introduction

On 15 October 2008, HCP entered administration and A R Bloom and T M Burton of Ernst & Young LLP, 1 More London Place, London, SE1 2AF were appointed to act as joint administrators. The appointments were made under the provisions of paragraph 22 of Schedule B1 to the Act by filing at the High Court of England & Wales by the Directors of HCP of a notice of intention to appoint an administrator on 14 October 2008 and a notice of appointment of an administrator on 15 October 2008.

These appointments were made subsequent to HCP's parent company, Heritable, entering administration on 7 October 2008 in relation to which AR Bloom, TM Burton, ME Mills and PJ Brazzill of Ernst & Young LLP, 1 More London Place, London, SE1 2AF were appointed to act as joint administrators. The administrators of Heritable were appointed by order of the Court of Session in Scotland under the provisions of paragraph 13 of Schedule B1 to the Act on the application of the FSA.

This report, including its appendices, constitutes the Administrators' statement of proposals to creditors in respect of HCP pursuant to paragraph 49 of Schedule B1 to the Act and Rule 2.33 of the Rules.

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

Having concluded that it is not reasonably practicable to rescue HCP as a going concern, the Administrators are required to pursue the objective of achieving a better result for HCP's creditors as a whole than would be likely if it was wound up (without first being in administration).

Creditors' meeting

A meeting of the creditors of HCP has been convened for Tuesday 9 December 2008 at 10.00am to be held at The New Connaught Rooms, 61-65 Great Queen Street, Covent Garden, London WC2B 5DA, to enable creditors to consider the Administrators' proposals and decide whether a creditors' committee should be formed.

Further details are provided in the documents accompanying these proposals.

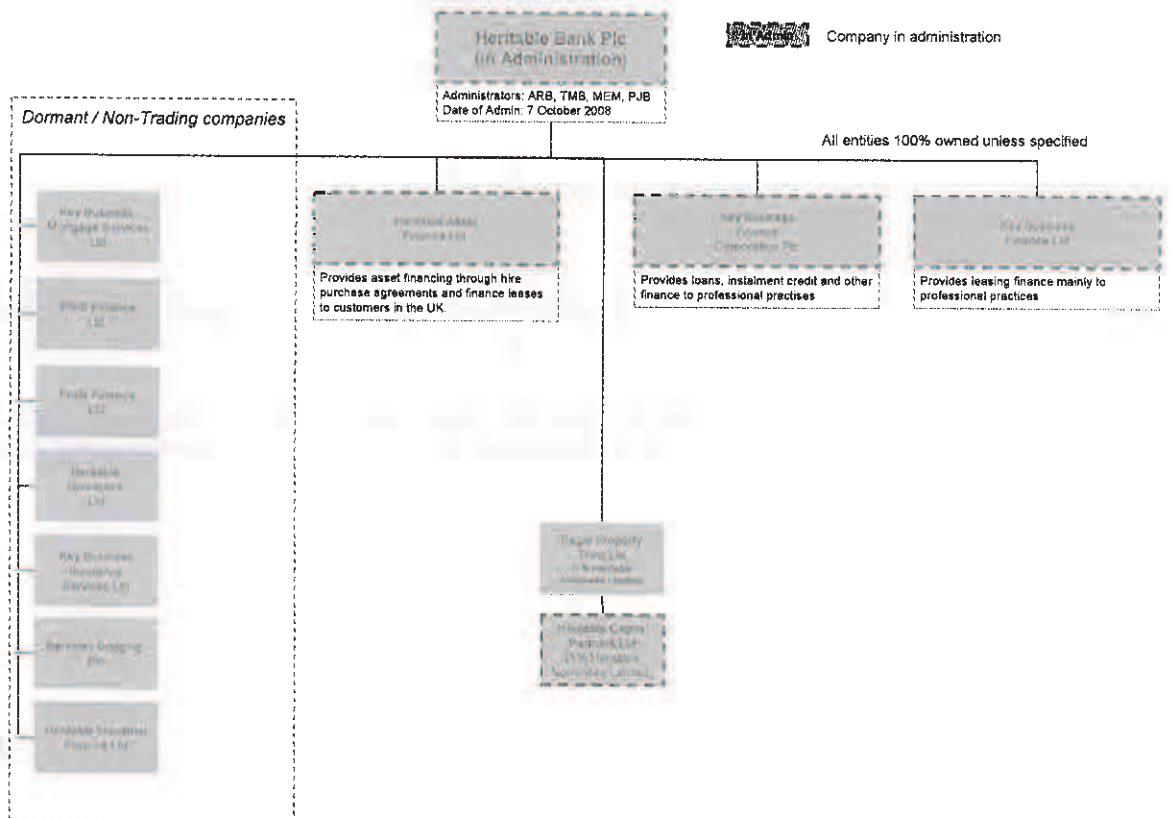
If approved by the requisite majority, the Administrators' proposals are binding on all creditors, including those not present or represented at the meeting. For this reason, it is important that you read this document carefully, properly considering the proposals and decide whether and how you wish to vote. A creditor is entitled to propose modifications to these proposals for consideration by the Administrators and creditors.

In preparing this report, the Administrators have relied on information provided by the directors, management and other third parties. The Administrators' investigations are continuing and accordingly, it has not been possible to verify all such information. Therefore, the Administrators take no responsibility for the completeness or accuracy of this information or otherwise.

Background

Heritable, the ultimate parent company of HCP, was incorporated in 1877, as a Scottish registered company and a 100% subsidiary of LIHF (an Icelandic company incorporated on the Icelandic stock exchange).

HCP is a 99% owned subsidiary of Eagle Property Trust Ltd, which is in turn a 99% owned subsidiary of Heritable. The remaining 1% of each company is held by Heritable Nominees Ltd (itself a 100% subsidiary of LIHF).



HCP was formed in 2007 from the renamed Eagle Property Company Ltd, an existing subsidiary of Heritable. It has a loan book amounting to c. £20m.

HCP was established to provide equity or quasi-equity into appropriate and selected property transactions where the senior debt was being provided by the structured property finance division of Heritable.

Business was largely conducted with existing customers of Heritable. Funding for HCP was provided by Heritable. Heritable also provided central support services. HCP made its returns from profit sharing arrangements with its clients.

The most significant HCP project is a joint venture development of Swaylands House near Penshurst in Kent. Other projects involving development, refurbishment and planning applications were established, with maturities expected of mostly up to three years.

Prior to the Administration, HCP's registered offices were located at 8 Hill St London, W1J 5NG. Following the Administration, the registered office was changed to 1 More London Place, London, SE1 2AF. HCP continues to trade from leasehold premises located at 8 Hill Street, London, W1J 5NG.

The recent financial results can be summarised as follows:

Table 1: HCP (Incorporated on 29 April 1980)

Period Year or period ended	Type Audited/Draft	Turnover	Gross profit / (loss)	Directors' remuneration	Profit / (loss) before tax
		£000	£000	£000	£000
YTD Sep 08	Management	1,139	(346)	N/A	(798)
YTD 31 Dec 07	Audited	4,374	2,544	0	1,617

Source: Audited Accounts

* Turnover is interest income, which excludes fee and commission income.

Circumstances giving rise to the appointment of the Administrators

Heritable was placed into administration by an order made at 9:30am on 7 October 2008 in the Court of Session in Scotland on the application of the FSA.

On the basis that HCP is dependent on Heritable for funding, the business was unable to write any new business or advance further funds in respect of existing commitments.

In addition, Heritable indicated that it would no longer support HCP and requested repayment of an intercompany loan due to Heritable of £24.3m, which was repayable on demand. HCP is unable to repay the loan.

Finally, the directors considered that it would not be possible to sell the business and assets of HCP without rendering it insolvent.

On this basis, the directors sought independent legal advice and subsequently resolved to appoint Alan Bloom and Thomas Burton of Ernst & Young LLP as Administrators and consequently notices of an intention to appoint, and of appointment, of an administrator were filed by the directors at the High Court of England & Wales pursuant to paragraph 22 of Schedule B1 of the Act.

2. Purpose, conduct and end of administration

Purpose of the administration

The Administrators were appointed as Administrators to manage the affairs, business and property of HCP. They will act until such time as the proposals for achieving the purpose of the Administration have been approved by creditors, implemented and achieved, following which the Administration will be ended.

As per paragraph 3, of Schedule B1 of the Act, the purpose of an Administration is to achieve one of the following objectives:

- 3 (1)(a) rescuing the company as a going concern; or,
- 3 (1)(b) achieving a better result for the creditors as a whole than would be likely if the companies were wound up (without first being in administration); or,
- 3 (1)(c) realising the property in order to make a distribution to one or more secured or preferential creditors.

The Administrators have concluded that it is not reasonably practicable to rescue HCP as a going concern and that they are thus required to pursue the objective of achieving a better result for HCP's creditors as a whole than would be likely if HCP were wound up (without first being in administration).

The Administrators believe that it is reasonably likely that this objective will be achieved.

Conduct of the administration

The following comments can be made in relation to the general day to day trading activities of HCP.

A receipts and payments account has been included in Appendix D to this report and highlights the main activities carried out to date.

Asset realisations

In the first four weeks of the Administration, the Administrators have reviewed the exposure of HCP to its major projects and met with its joint venture partners. Plans and negotiations are ongoing to minimise HCP's exposure and maximise its equity returns.

HCP's investments tend to be in large complicated joint venture developments that will take considerable time to unwind. Work is therefore ongoing in this regard.

Current indicative levels of interest reveal that run-off will provide a higher return to creditors than any market bids and, as such, the Administrators are progressing with this course of action.

Employees and other costs

HCP did not employ any staff. All employees were employed by Heritable. These costs and operating costs (such as rent, utilities, marketing etc.) were met by Heritable and were then recharged to HCP. This process has continued during the administrations of both HCP and Heritable.

Dividend prospects

The Administrators consider that there will be a likely dividend payable in due course for unsecured creditors. However, because of the significant uncertainties discussed above, it is too early to provide a realistic estimate as to quantum or timing at this time.

Future conduct of the administration

It is proposed that the Administrators will continue to manage the affairs, business and property of HCP with the purposes of achieving a better result for HCP's creditors as a whole than if it was wound up (without first being in administration). This will include, inter alia:

- ▶ reviewing outstanding matters and obligations in respect of HCP's remaining assets and continuing to seek purchasers for the portfolios of assets;
- ▶ to the extent that their sale is not possible or not considered to be in the interests of creditors, conducting an orderly realisation and recovery of such assets;
- ▶ reviewing the tax affairs of HCP;
- ▶ reviewing matters in relation to any potential claims that HCP may have against any party/parties;
- ▶ conducting the statutory investigation into the conduct of the directors and management of HCP and reporting to the Department of Business, Enterprise and Regulatory Reform pursuant to the Company Directors' Disqualification Act 1986;
- ▶ dealing with unsecured creditor claims as necessary;
- ▶ dealing with statutory reporting and compliance obligations;
- ▶ finalising the Administration including the payment of administration liabilities;
- ▶ utilising the provisions available under Schedule B1 to the Act.

The Administrators may propose, subject to the permission of the court, to make a distribution to unsecured creditors during the course of the Administration, however this is yet to be confirmed.

The end of the administration

Please see section 3 'Administrators proposals for achieving the purposes of the Administration' for details of the proposed exit route strategies.

3. The Administrators' proposals for achieving the purposes of the Administration

In accordance with paragraph 49 of Schedule B1 to the Act, AR Bloom and TM Burton as Administrators of HCP make the following proposals for achieving the purposes of the Administration.

The Administrators propose that they:

- a. continue to manage and finance HCP's business, affairs and property from asset realisations in such manner which they consider to be expedient with a view to achieving a better result for HCP's creditors as a whole than would be likely if HCP were wound up (without first being in administration)
- b. should do all such other things and generally exercise all of their powers as Administrators, as they in their discretion consider desirable or expedient, in order to achieve the purpose of the Administration or to protect and preserve the assets of HCP or to maximise realisations of those assets, or for any other purpose incidental to these Proposals
- c. identify and deal in an appropriate manner with any property subject to a trust or to any proprietary rights and which remains in the control of HCP
- d. investigate and, if thought appropriate, pursue any claims that HCP may have against any person or entity including, without limitation, officers and former officers of HCP
- e. continue to deal with statutory reporting and compliance obligations
- f. invite the creditors to consider establishing and, if thought fit, establish a creditors' committee to exercise the functions conferred by or under the Act for HCP
- g. continue the Administration for such period as necessary to achieve the purpose and, if necessary, make applications to the court to extend the term of the Administration beyond the one year statutory term
- h. in due course, be discharged from liability pursuant to paragraph 98(1) Schedule B1 to the Act in respect of any action of theirs as Administrators at a time determined by the court
- i. consult with the creditors' committee, if established, at appropriate intervals concerning the conduct of the Administration and the implementation and development of these proposals and the approval of the Administrators' remuneration
- j. have their remuneration fixed by reference to the time properly spent by them and their staff on matters arising in the Administration
- k. may at their discretion make an application to court for permission to make distributions to unsecured creditors under paragraph 65(3) of Schedule B1 to the Act
- l. use any of the "exit route" strategies available to them in order to bring the Administration to an end. In this instance, these could include the following:
 - (i) the Administrators may formulate proposals for a scheme of arrangement under section 899 of the Companies Act 2006 and if so ordered by the court will put them to meetings of the various classes of creditors; or

(ii) the Administrators may place HCP into creditors' voluntary liquidation. In these circumstances, it is proposed that AR Bloom and TM Burton be appointed as joint liquidators and any act required or authorised to be done by the joint liquidators may be done by either any or all of them. In accordance with paragraph 83(7) Schedule B1 to the Act and Rule 2.117(3) of the Rules, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved; or

(iii) the Administrators may formulate a proposal for a company voluntary arrangement ("CVA") and put it to meetings of HCP's creditors and shareholders for approval.

Voting

The creditors will be asked to vote upon the following matters at the initial meeting of creditors (in person or by proxy):

- ▶ The approval of the proposals for achieving the purposes of the Administration (as modified, as applicable); and
- ▶ The formation of a creditors' committee.

4. Statement of Affairs

On 12 November 2008, the directors of HCP submitted their Statements of Affairs as at 15 October 2008 to the Administrators. A summary is attached in Appendix B.

We provide below, for information, an indication of the current position with regard to creditors' claims. The figures have been compiled by HCP's management and have not been subject to independent review or statutory audit.

Secured creditors

HCP's only secured creditor is Heritable, which holds the following security:

- ▶ a fixed charge over the amounts due from HCP to Heritable under the building contract relating to the Swaylands joint venture dated 8 August 2006. The amount due to Heritable under this contract and secured by this charge is £15,749,499;
- ▶ a charge dated 8 August 2006 over an amount of £5m deposited by HCP with Heritable (as Heritable is itself in administration the value of this security is uncertain); and
- ▶ a fixed and floating charge dated 3 January 2006 in respect of all other HCP assets.

Preferential creditors

There are no preferential creditors of HCP as all employees were employed by the parent company, Heritable, and as such, will claim their preferential status within that administration.

Non-preferential creditors

These creditor claims continue to be submitted. It is estimated that total non-preferential claims will be in the region of £997,000 per the directors' Statement of Affairs.

The principal non-preferential creditors of HCP include:

- ▶ £0.49m to HMRC
- ▶ £0.5m to Oakdene Homes plc

5. 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.

A floating charge was granted by HCP in favour of Heritable and the directors estimate that an amount of c.£8.6m is owed by HCP to Heritable and is subject to that floating charge. As the charge was created after 15 September 2003, the prescribed part does apply for this entity and is likely to amount to the maximum statutory value of £600,000.

6. Administrators' remuneration and disbursements

Remuneration

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Rules. Further information is given in the Association of Business Recovery Professionals' publication *A Creditors' Guide to Administrators' Fees*, a copy of which is enclosed as Appendix E to this statement of proposals.

In the event that a creditors' committee is not formed, the Administrators propose that their remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration.

The Administrators will be requesting approval for payment of time charged from 15th October 2008 to 14 November 2008 (as detailed in Appendix C) and thereafter on a monthly basis of time charged as agreed by the creditors' committee in accordance with Rule 2.106 (2) (b) of the Rules.

Details of the Administrators' future time costs and charge rates will be provided to the creditors' committee as the approving body. Details of amounts drawn will be provided to creditor in subsequent progress reports.

In the event that a creditors committee is not formed, the Administrators will conduct a creditors meeting by correspondence and will provide the appropriate information to creditors with an invitation to vote.

A statement of the administrators' charging policy is provided at Appendix C.

Disbursements

Appendix C also includes a statement of the Administrators' policy for charging disbursements. In the event that a creditors' committee is not formed, the Administrators propose they be permitted to charge disbursements in accordance with the charging policy set out in Appendix C.

Other professionals

The Administrators have also engaged Freshfields Bruckhaus Deringer LLP and Denton Wilde Sapte LLP to provide legal services, King Sturge Ltd to advise on the management, valuation and realisations of HCP's chattels and other assets, and other advisors in respect of other matters pertaining to the Administration.

7. Other matters

Administrators' receipts and payments

The Administrators' Receipts and Payments Account for the period 15 October 2008 to 20 November 2008 for HCP is attached in Appendix D.

Appendix A: Statutory information

HCP

Company Name:	Heritable Capital Partners Limited (In Administration)
Registered Office Address:	1 More London Place, London, SE1 2AF
Registered Number:	01494348
Trading Address(es):	8 Hill Street, London, W1J 2AF

Details of the Administrators and of their appointment

Administrators:	AR Bloom, TM Burton
Date of Appointment:	15 October 2008
By Whom Appointed:	Company Directors
Court Reference:	8979/2008

Share Capital

Class	Authorised £	Issued and fully paid £
Ordinary £1 shares	100	100

Directors and secretaries

Name	Director or secretary	Date appointed	Date resigned
David Richard Bull	Secretary	31 March 2006	n/a
Andrew John Ralph Heaton	Director	12 January 2007	n/a
Ketan Jayantilal Malde	Director	1 October 2002	n/a
Mark Timothy John Sismey Durrant	Director	6 September 2002	n/a
Ian Timothy Wentworth	Director	30 April 1992	n/a
Peter Norman Williamson	Director	10 October 2005	31 December 2006
Nicholas Peter Barrett	Director	10 October 2005	31 December 2006
John Robert Henry Wood	Director	10 October 2005	31 August 2006
Mark Conrad David Auger	Director	1 October 2002	31 March 2006

Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to the Administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

Appendix B: Directors' statement of affairs

Statement of affairs

Name of Company Heritable Capital Partners Limited

Company number 01494348

In the High Court of Justice [full name of court]

Court case number 8979/2008

(a) Insert name and address of registered office of the company

Statement as to the affairs of (a) Heritable Capital Partners Limited
1 More London Place, London, SE1 2AF


(b) Insert date on the (b) 15 October 2008, the date that the company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs

of the above named company as at (b) 15 October 2008 the date that the company entered administration.

Full name ANDREW JOAN RALPH HEATON

Signed 

Dated 11th November 2008.

A1 – Summary of Liabilities

		Estimated to realise (£)
Estimated total assets available for preferential creditors (carried from page A)	£	14,018,155.38
Liabilities		
Preferential creditors:-	£	0.00
Estimated surplus as regards preferential creditors	£	14,018,155.38
Estimated prescribed part of net property where applicable (to carry forward)	£	(600,000.00)
Estimated total assets available for floating charge holders	£	13,418,155.38
Debts secured by floating charges	£	(8,595,334.10)
Estimated surplus of assets after floating charges	£	4,822,821.28
Estimated prescribed part of net property where applicable (brought down)	£	600,000.00
Total assets available to unsecured creditors	£	5,422,821.28
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£	(997,163.66)
Estimated surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	4,425,657.62
Shortfall to floating charge holders (brought down)	£	0.00
Estimated surplus as regards creditors	£	4,425,657.62
Issued and called up capital	£	(100.00)
Estimated total surplus as regards members	£	4,425,557.62

Signature



Date

11th November 2008

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession.

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Heritable Bank Plc	C/O 8 Hill Street, London W1J 5NG	24,344,833.37	Floating legal charge (including Fixed legal charge)	December 2005	25,674,259.00
Heritable Bank Plc	C/O 8 Hill Street, London W1J 5NG	(15,749,499.27)	Fixed legal charge	December 2005	25,674,259.00
Heritable Bank Plc	C/O 8 Hill Street, London W1J 5NG	8,595,334.10	Floating legal charge	December 2005	25,674,259.00
HMR&C - Corporation tax	LBS Financial Sector, 22 Kingsway, London WC2B 6NR	487,163.66	None		
Oakdene Homes PLC	Oakdene House, 34 Bell Street, Reigate, Surrey RH2 7SL	500,000.00	None		
JT Limited	Dilapidations on Stafford House	10,000.00	None		
	Total	997,163.66			
Contingent Liabilities	Heritable Capital Partners Limited provides NHBC cover on all building works and health and safety cover for the Swaylands property. The quantum of the liability cannot be estimated.				

Signature



Date

11th November 2008

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of Shares held
Eagle Property Trust Plc	c/o 8 Hill Street, London W1J 5NG	100	£100.00	Ordinary share
TOTALS		100	£100.00	

Signature



Date

11th November 2008

Appendix C: Statement on administrators' remuneration pursuant to statement of insolvency practice No. 9

Charging and disbursement policy

Administrator's charging policy for fees

The Administrators have engaged a manager and other staff to work on the Administration. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown below, as are the current hourly rates used. The current hourly rates are higher than the average rates, since hourly rates have increased over the period covered by this fee request.

Time costs analysis 15 October 2008 to 14 November 2008

Classification of work function	Partner	Manager	Other Senior Professionals	Total Hours	Total Time Costs	Average hourly rate £
Sale of business	25	3	-	28	19,410	703
Statutory duties	-	-	3	3	875	265
Trading	-	-	-	1	205	205
Total	25	3	3	32	20,490	642

Charge-out rates for the Administration team

Grade	Standard Rates for Restructuring 2008/2009	Standard Rates for M&A 2007/2008
Partner	700	765
Director	635	670
Assistant Director	490	590
Senior Executive	360	-
Executive	265	330
Assistant Executive	205	-
Analyst	170	-
Business Trainee	145	170
Client Serving Associate	195	-

Administrators' charging policy for disbursements

Statement of insolvency practice No. 9 divides disbursements into two categories.

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such

disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with Statement of Insolvency Practice No. 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

There have been Category 1 disbursements incurred to date.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No. 9 provides that such disbursements are subject to approval as if they were remuneration.

We do not intend to charge Category 2 disbursements in this case.

Appendix D: Administrators' receipts and payments account for the period from 15 October 2008 to 20 November 2008

There have been no receipts or payments in respect of HPC.

Appendix E: A Creditors' guide to Administrators' Fees

When Petition Presented or Appointment Made On or After 15 September 2003

ENGLAND AND WALES

1 Introduction

1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of administration

2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors.

3 The creditors' committee

3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's fees

4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either:

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration.

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed and, if it is fixed as a percentage fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case;
- any responsibility of an exceptional kind or degree which falls on the administrator;
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties;
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as the committee would. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of -

- each secured creditor of the company; or
- if the administrator has made or intends to make a distribution to preferential creditors -
 - each secured creditor of the company; and
 - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

5 What information should be provided by the administrator?

5.1 When seeking fee approval

5.1.1 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the

case. The nature and extent of the supporting information which should be provided will depend on:

- the nature of the approval being sought;
- the stage during the administration of the case at which it is being sought; and
- the size and complexity of the case.

5.1.2 Where, at any creditors' or committee meeting, the administrator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

5.1.3 Where the administrator seeks agreement to his fees during the course of the administration, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the administrator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent.
- The reasons for subsequent changes in strategy.
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement.
- Any existing agreement about fees.

- Details of how other professionals, including sub-contractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees.

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 5.1.4** Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5.1.3. Where the fee is charged on a percentage basis the administrator should provide the details set out in paragraph 5.1.4 above regarding work which has been sub-contracted out.

5.3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation.

6 What if a creditor is dissatisfied?

- 6.1** If a creditor believes that the administrator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not as an expense of the administration.

7 What if the administrator is dissatisfied?

- 7.1** If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

8 Other matters relating to fees

- 8.1** Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 8.2** If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.

9. Provision of information – additional requirements

In any case where the administrator is appointed on or after 1 April 2005 he must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company,

The information which must be provided is –

- the total number of hours spent on the case by the administrator or staff assigned to the case;
- for each grade of staff, the average hourly rate at which they are charge out;
- the number of hours spent by each grade of staff in the relevant period.

The period of which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office.

The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office.

Appendix F: Common questions and answers regarding the initial meeting of creditors and the creditors' committee

Why is the meeting being held?

The main purpose of the meeting is for creditors to consider and vote on the proposals which the administrators have prepared and sent to all creditors.

At the meeting, creditors will also be asked to decide whether a creditors' committee should be formed. The purpose of a creditors' committee is to assist the administrators. It may also fix their remuneration. If a creditors' committee is not formed, the creditors' meeting may be asked to vote on the administrators' remuneration instead.

Will the administrators and the company's directors be at the meeting?

At least one of the Administrators will attend the meeting and will act as chairman. The directors of the Company do not have to attend the meeting unless the administrators have asked them to do so.

As a creditor, do I have to attend the meeting?

No. Your claim against the Company will not be affected if you do not attend or vote.

If you do not wish to attend but still want to vote, you can appoint a proxy to vote on your behalf. Further information on proxies is set out below under 'How do I vote at the meeting?'

How do I vote at the meeting?

To be able to vote, you must send details of your claim in writing to the Administrators to arrive not later than 12 noon on the business day before the meeting. If you have not already submitted details in writing of your claim, you should use the form called 'Administration Notice of Claim for Voting Purposes' to do this.

Some creditors may also need to complete a proxy form and send it to the Administrators to arrive before the meeting. The table below tells you whether or not you need to complete and send in a proxy form.

Type of Creditor	Proxy form needed?
An individual (ie, not a company, partnership or other organisation) attending the meeting in person	No
An individual (ie, not a company, partnership or other organisation) not attending the meeting in person, but wishing to be represented at the meeting by someone else	Yes
A company, partnership or other organisation	Yes

A proxy form is enclosed with the covering letter to this document.

Do I have to vote?

No, it will not affect your claim if you do not vote. However, you will not have a say in whether the proposals and any other resolutions put to the meeting are accepted.

How do I calculate my claim for voting?

Please see the 'Administration Notice of Claim for Voting Purposes', sent to you with the documents for the meeting, for further information.

Who decides if my vote is counted?

The chairman of the meeting. The chairman has the power to ask for further information to support a claim if he or she thinks it is necessary and also has the power to accept or reject any claim for voting purposes.

If the chairman is in doubt about whether a claim for voting should be accepted or rejected, he or she should mark it as objected to but allow you to vote. Your vote will however be declared invalid if the objection is later sustained.

What majority is required to pass a resolution approving (ie, accepting) the Administrators' proposals?

There are two requirements to be met.

First of all, more than 50% in value of the creditors who vote on the resolution (either in person or by proxy) must vote in favour of it. Secondly, the creditors voting against the resolution must not include more than 50% in value of all creditors who are not connected with the company.

Can creditors propose modifications to the proposals?

Yes they can, but modifications can only be approved with the Administrators' consent.

What happens if I disagree with any of the chairman's decisions on voting?

You have the right to appeal to the court. Any appeal must be made within 14 days of the Administrators' report to the court on the result of the creditors' meeting. If the court decides to reverse a decision made by the chairman it may order another creditors' meeting to be held or make such other order as it thinks appropriate.

If you are considering an appeal to court, you should take your own legal advice first.

What happens if the Administrators' proposals are approved?

The Administrators will continue to run the Administration in accordance with the proposals.

Once proposals are approved, they are binding on all creditors, including those not present or represented at the meeting. For this reason, it is important that you consider the proposals carefully and decide if and how you wish to vote.

What happens if the Administrators' proposals are rejected?

The Administrators must report the fact to the court. The court may decide to bring the administration to an end, or make such other order as it thinks appropriate.

How is a creditors' committee established?

A creditors' committee may be established at a creditors' meeting. For a committee to be validly formed it must consist of at least three and not more than five creditors elected at the meeting.

Any creditor is eligible to be a member of the committee as long as its claim has not been rejected for voting purposes. A corporate creditor can be a committee member but must be represented by, and act through, an individual. It is not possible for one individual to represent more than one creditor, or for an individual to act both as a committee member and a representative of another member.

Will I be told about the outcome of the meeting?

Yes. The Administrators will send to you a formal notice stating whether or not the proposals were approved and whether any modifications were made.