

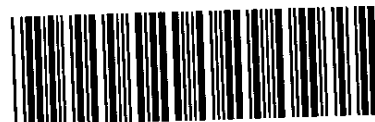
AM03

Notice of administrator's proposals



Companies House

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COMPANIES HOUSE

1 Company details

Company number 0 2 9 8 3 9 1 9

Company name in full Saintfield Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Colin

Surname Hardman

3 Administrator's address

Building name/number Smith & Williamson LLP

Street 25 Moorgate

Post town London

County/Region

Postcode E C 2 R 6 A Y

Country

4 Administrator's name ①

Full forename(s) Henry Anthony

Surname Shinnars

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Smith & Williamson LLP

Street 25 Moorgate

Post town London

County/Region

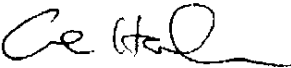
Postcode E C 2 R 6 A Y

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

6		Statement of proposals	
		☒ I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature	Signature X  X		
Signature date	d 0 5 m 0 5 y 2 0 y 2 0		

AM03

Notice of Administrator's Proposals



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You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Sarah Lazarou
Company name	Smith & Williamson LLP
Address	25 Moorgate
Post town	London
County/Region	
Postcode	E C 2 R 6 A Y
Country	
DX	119507 Finsbury Square EC2
Telephone	020 7131 4000



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- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
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This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Cedarhurst Lodge Limited
Edgewater Lodge Limited
Saintfield Limited
Laudcare Limited
(all in administration)
("the Companies")

Joint administrators' Report and Statement of Proposals pursuant
to Paragraph 49 of Schedule B1 Insolvency Act 1986

4 May 2020



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1. Glossary

Abbreviation	Description
the Companies	Cedarhurst Lodge Limited Edgewater Lodge Limited Saintfield Limited Laudcare Limited
CE&S	Cedarhurst Lodge Limited Edgewater Lodge Limited Saintfield Limited
the joint administrators of Cedarhurst Lodge Limited, Edgewater Lodge Limited and Saintfield Limited	Colin Hardman and Henry Shinnars of Smith & Williamson LLP
the joint administrators of Laudcare Limited	Colin Hardman and Henry Anthony Shinnars of Smith & Williamson LLP and Daniel Smith and Oliver Haunch of Grant Thornton UK LLP
S&W	Smith & Williamson LLP
GT	Grant Thornton UK LLP
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR16	Insolvency (England and Wales) Rules 2016 If preceded by R this denotes a rule number
SOA	Statement of Affairs
ETR	Estimated to realise
CVA	Company Voluntary Arrangement
CVL	Creditors' Voluntary Liquidation
HMRC	HM Revenue & Customs
the Landlords / the secured creditors	Hollyblue Healthcare (Ulster) Limited Hollyblue Healthcare (Spring) Limited (together, the Hollyblue Homes)
QFCH	Qualifying Floating Charge Holder - a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
FSHC/Four Seasons	Four Seasons Healthcare Group
the Care Homes	Cedarhurst Lodge Care Home, Cedarhurst Road, Belfast, BT8 7RH.

Abbreviation	Description
	Edgewater Lodge Care Home, Seaview Suite, 4 Sunnydale Avenue, Donaghadee, BT21 0LE.
	Saintfield Care Home, 4 Old Saintfield Road, Belfast, BT8 8EY.
	Laudcare Limited:
	Blackwell Vale Care Home, Durdar Road, Carlisle, Cumbria, CA2 4SE.
	Stanshawes Care Home, 11 Stanshawes Drive, Yate, Bristol, BS37 4ET.
	Willoughby Grange Care Home, Willoughby Road, Boston, Lincolnshire, PE21 9EG.
the Operators	Cedarhurst Lodge (Spring) Limited Edgewater Lodge (Spring) Limited Saintfield Lodge (Spring) Limited Careport Advisory Services Limited (re. Blackwell Vale Care Home) Premier Care Solutions (Stannington) Limited (re. Stanshawes and Willoughby Grange Care Homes)
the Sub-Agent / Electus	Electus Healthcare 1 Limited (re. CE&S care homes)
RQIA	The Regulation & Quality Improvement Authority
CQC	The Care Quality Commission
TUPE	Transfer of Undertakings (Protection of employment) Regulations 2006
Terra Firma	Terra Firma Capital Partners Limited
LDC (Care Homes) Bidco Limited	LDC

2. Introduction

We, Colin Hardman and Henry Anthony Shinnars, of S&W, 25 Moorgate, London, EC2R 6AY were appointed joint administrators of Cedarhurst Lodge Limited, Edgewater Lodge Limited and Saintfield Limited on 12 March 2020.

We were also appointed as joint administrators of Laudcare Limited on 11 March 2020, together with Daniel Smith and Oliver Haunch of GT, 30 Finsbury Square, London, EC2P 2YU.

Colin Hardman and Henry Anthony Shinnars are both qualified insolvency practitioners and licensed by the Institute of Chartered Accountants in England & Wales.

Daniel Smith and Oliver Haunch are both qualified insolvency practitioners and licensed by the Insolvency Practitioners Association.

This report sets out our proposals in respect of the administration of the Companies.

Appendix I contains information in respect of the Companies and the joint administrators that is required under the IR16.

We will deliver these proposals to the creditors on 5 May 2020.

3. Key points

- We were appointed joint administrators of CE&S on 12 March 2020 by the QFCH, Hollyblue Healthcare (Ulster) Limited.
- We were also appointed joint administrators of Laudcare Limited, together with Daniel Smith and Oliver Haunch of GT on 11 March 2020, by the QFCH, Hollyblue Healthcare (Spring) Limited.
- Hollyblue Healthcare (Ulster) Limited and Hollyblue Healthcare (Spring) Limited are the landlords of the Care Homes, forming part of the Hollyblue Healthcare group.
- Laudcare Limited leases four homes (3 operational and 1 closed) from a landlord within the Loyds group (the Loyds Homes), with a further 3 homes leased from Hollyblue Healthcare (Spring) Limited (the Hollyblue Homes). Further information on the Loyds group is provided at Appendix V.
- CE&S lease one operational care home each via Hollyblue Healthcare (Ulster) Limited, which also comprise the Hollyblue Homes.
- A summary of the Companies' Care Homes and respective landlords are provided in this section below.
- With regards to Laudcare Limited, the joint administrators' duties have been split between S&W and GT. GT are dealing with all aspects of the Loyds homes and S&W are dealing with all matters pertaining to the Hollyblue Homes. Additionally S&W are responsible for all other statutory and administrative matters of the administration.
- The objective of each administration is as in P3(1)(b) Sch B1, namely achieving a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up (without first being in administration).
- On the date Laudcare Limited entered into administration, the three operational Loyds homes were subject to a pre-pack sale pursuant to SIP16. That transaction formed part of a wider sale of numerous care homes within the Loyds group. The SPA on those homes have been exchanged but not yet completed, due to the purchaser's pending registrations with the CQC. The joint administrators' report to creditors in accordance with SIP16 was issued by GT on 18 March 2020 and is appended to these proposals at Appendix V. Only sections 1 to 7 of that report are appended herein, as the sections thereafter form the administration proposals of other companies within the FSHC group and are not relevant to the administration of Laudcare.
- On the date the Companies entered into administration, the joint administrators entered into operating agreements with the Landlords, the Operators and the Sub-Agents for each of the remaining Care Homes. These operating agreements have enabled the Care Homes to continue operating without any disruption,

whilst the Operators seek to obtain the necessary registrations with the CQC and RQIA pending a sale of the Companies' business and assets completing.

- Finance has been provided by Hollyblue Healthcare (Finance) Limited, as part of a working capital facility to support the administration of the Companies.
- The joint administrators' strategy to achieve the objective of the administrations is by the implementation of the operating agreements which will see subsequent sales of the Companies' businesses and assets, continued operation of the Cares Homes without any disruption to the residents, preserving the jobs of the employees, thus also eliminating employee claims in the administrations, mitigating claims by the Landlords by facilitating the assignment of the leases and avoiding potential claims by suppliers for breach of contract. An alternative liquidation strategy would have prevented the Company from trading the business and consequently: reduced debtor recovery levels due to contractual set-off claims; likely resulted in the employees contracts, and other supplier contacts, terminating; and overall resulted in less advantageous outcome for creditors than that adopted.
- The principal assets of the Companies are the book debts.
- No staff have been made redundant. It is intended that all staff will be subject to TUPE to the Operators seeing preservation of all employees' jobs and consequently, no employees will suffer a financial loss as a result of the administrations. The expected transfer of employees under TUPE regulations will also prevent claims being made against the National Insurance Fund via the RPS at the Insolvency Service, in addition to eliminating unsecured preferential and non-preferential claims in the administration relating to employee liabilities and entitlements.
- It is envisaged that secured creditors will not be paid in full under their fixed or floating charges.
- No employee preferential or unsecured claims are anticipated as a result of the proposed TUPE transfer, however should any unforeseen preferential claims transpire, the prospects of a dividend to this class of creditors is currently uncertain.
- On current information, it is envisaged that there will be insufficient realisations to enable a dividend to be paid to the non-preferential unsecured creditors, after discharging the costs of the administration and owing to the level of floating charge liabilities.
- In accordance with Section 176A of the Insolvency Act 1986, the Prescribed Part does not apply in these cases, as there are no floating charges created on or after 15 September 2003.
- We have made a statement pursuant to P52(1)(b) Sch B1 and accordingly, a creditors' decision to approve the proposals is not being sought.
- If 10% or more by value of the relevant Companies' creditors so wish, a request may be made that the proposals be approved via a decision instead. For the avoidance of doubt, the 10% would relate to creditors of each of the Companies individually and not collectively.
- We are not seeking approval of the basis of our remuneration and disbursements or for the pre-administration costs and expenses at this time. Approval in this respect will be sought from the secured creditors in due course.
- We will also seek approval of our discharge from liability from the secured creditors at a later date.
- Our proposals will be deemed to have been approved on 20 May 2020 if we do not receive a valid request for a creditors' meeting.

Summary of the Companies' care homes and landlords:

Company in Administration	Care Home	Landlord
Cedarhurst Lodge Limited	Cedarhurst Lodge Care Home, Cedarhurst Road, Belfast, BT8 7RH.	Hollyblue Healthcare (Ulster) Limited
Edgewater Lodge Limited	Edgewater Lodge Care Home, Seaview Suite, 4 Sunnydale Avenue, Donaghadee, BT21 0LE.	Hollyblue Healthcare (Ulster) Limited
Saintfield Limited	Saintfield Care Home, 4 Old Saintfield Road, Belfast, BT8 8EY.	Hollyblue Healthcare (Ulster) Limited
Laudcare Limited	Blackwell Vale Care Home, Durdar Road, Carlisle, Cumbria, CA2 4SE.	Hollyblue Healthcare (Spring) Limited
Laudcare Limited	Stanshawes Care Home, 11 Stanshawes Drive, Yate, Bristol, BS37 4ET.	Hollyblue Healthcare (Spring) Limited
Laudcare Limited	Willoughby Grange Care Home, Willoughby Road, Boston, Lincolnshire, PE21 9EG.	Hollyblue Healthcare (Spring) Limited
Laudcare Limited	Stanton Lodge, Millfield Avenue, Shiremoor, Newcastle Upon Tyne, NE27 0LE.	Hollyblue Healthcare (Millbrow) Limited
Laudcare Limited	Kingsmead, 65 Prospect Place, Old Town, Swindon, Wiltshire, SN1 3LJ	Bruchmen No.2 Limited
Laudcare Limited	Ladymead, Moormead Road, Wroughton, Swindon, Wiltshire, SN4 9BY	**Bruchmen No.3 Limited
Laudcare Limited	Oaktree, Lark Rise, Brimsham Park, Yate, Bristol, BS37 7PJ.	**Bruchmen No.2 Limited

4. Background to the administrations

Saintfield Limited and Cedarhurst Lodge Limited were incorporated on 27 October 1994, with Edgewater Lodge Limited incorporated some nine months later on 31 July 1995.

The Companies sit within the Four Seasons group, which is ultimately owned by private equity firm Terra Firma. The Companies operate 415 beds and employ over 590 staff.

Four Seasons is one of the UK's largest independent health care providers, caring for more than 10,000 people across the UK. Four Seasons provides long-term and respite residential and nursing care for the elderly, being a national network of homes offering nursing and dementia care, together with other specialist capabilities to meet the anticipated growing demand of people requiring elderly care.

In 2012, Terra Firma bought the business for £825 million. Terra Firma injected £390 million of capital but failed to bring down the debt burden, which meant companies within Four Seasons remained highly geared with high interest payments, ultimately leading to their downfall.

Four Seasons has been impacted by local authority funding cuts and rising costs, which has made it increasingly difficult to manage its debt burden (c.£500 million). In 2015, American hedge fund H/2 Capital Partners ("H/2") began buying the loans of companies within the FSHC group and eventually became the group's largest creditor. H/2 took effective control of Four Seasons from Terra Firma after it failed to meet a £26 million debt interest payment in 2017.

On 30 April 2019, Four Seasons placed two of its holding companies into administration, initially with a view to finding a buyer for the group.

In September 2019, Four Seasons defaulted on its rental obligations across its leasehold portfolio of more than 150 homes as part of its strategy to renegotiate with certain landlords.

As a consequence of the rent default, seven companies within the group approached and engaged GT to undertake a review and advise on restructuring options available. Initially, they entered into dialogue with Four Seasons and its advisors with a view to agreeing a consensual transitional service agreement. However, insufficient progress was achieved and therefore, an accelerated sales process of the business and assets of those companies, together with an assignment of the respective leases to new operators, through a pre-packaged administration, was determined to be the best outcome for those companies' creditors as a whole.

One of those seven companies, namely Laudcare Limited, was placed into administration on 11 March 2020, whereby Colin Hardman and Henry Shinnars of S&W were appointed as joint administrators, together with Daniel Smith and Oliver Haunch of GT.

On 5 February 2020 S&W was engaged by Hollyblue Healthcare (Finance) Limited, the sole shareholder of the Landlord and secured creditors, Hollyblue Healthcare (Ulster) Limited and Hollyblue Healthcare (Spring) Limited, to provide advice and assistance with preparing all necessary documentation for placing the Companies into administration, taking all necessary measures to prepare for administration appointments of the Companies, and assisting with making the necessary applications to the court for administration orders, if deemed appropriate.

The secured creditors had been marketing the businesses and freehold sites for some time in order to gauge interest levels. Following this, it soon became apparent that the Companies would be unable to reach a consensual agreement with its secured creditors. Therefore, in order to secure their position and ensure that the homes would continue to trade, both the Hollyblue Healthcare group and the proposed administrators entered into discussions with the Operators who had previously expressed an interest in operating the sites.

In respect of the Loyds sites, a full contingency planning and accelerated marketing process was commenced in January 2020. The Loyds group engaged Christie & Co to explore a sale of the care homes and Elevation Advisors LLP to investigate the assignment of the leases to alternative operators. Grant Thornton remained engaged as financial advisor to advise the Loyds group on the recommended strategy.

After appraising the offers in hand, the Loyds group decided to proceed with new leasehold operators in respect of the 3 trading homes and a sale process in relation to the 1 closed home. The prospective Administrators negotiated the business and asset transfer agreement and the leasehold assignment with the new operators, as well as the interim operating agreement, which is effective whilst the regulatory reregistration process is concluded.

The Administrators and the new operators entered into the operating agreement and exchanged contracts on the business and asset transfer agreement and lease assignment immediately following their appointment on 11 March 2020.

Immediately following the joint administrators' appointments, on that same day, the employees were informed that joint administrators had been appointed and that the homes would carry on trading under the operating agreements.

5. Purpose of administration and strategy

The joint administrators must perform their functions with the objective of:

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

It was not possible to achieve the first objective due to insufficient funding available and the substantial level of outstanding liabilities.

In this case, the second objective above is being pursued.

Strategy for the administrations and achievement of the objective being pursued

It is anticipated that the second objective will be achieved upon completion of the various lease assignments and sale of the business and certain assets of the Companies to the Operators.

The process of entering into the operating agreements has enabled the Care Homes to remain open with no disruption to the residents, protected the jobs of the employees, thus preventing financial loss to the employees and employee-related claims in the administrations. The intended transfer of the businesses to the Operators will also mitigate further substantial claims by the Landlords, by way of an assignment of new leases to the Operators. The Care Homes remaining open will also preserve the value of the businesses, chattel assets and maximise book debt recoveries as compared to a closure scenario.

The strategy being undertaken has seen the Care Homes removed from the FSHC group, with the Operators in place being a stepping-stone, with a view to a sale of the businesses and assets to the Operators, following completion of their registrations with the CQC and RQIA. The strategy has ensured no disruption to the Care Homes and is facilitating a seamless transfer to the Operators, with a continuity of care to the residents of the Care Homes.

The strategy being undertaken would not have been possible without funding agreed by the Hollyblue group, who have to date provided £100,000 for funding the administration of Laudcare Limited in respect of the Hollyblue Homes. Further funding of £30,000 has been provided by the Loyds group, for the administration of Laudcare Limited.

This funding has been utilised to cover wages in respect of the Companies.

Our role, prior to appointment as joint administrators, was to advise the secured creditors, not the directors or any party considering acquisition of the business, whether by means of a pre-pack or other sale. Once appointed, administrators are obliged to perform their functions in the interests of creditors as a whole. Where the objective of the administration is to realise property in order to make a distribution to secured or preferential creditors, we have a duty to avoid harming unnecessarily the interests of the creditors as a whole.

Section 7 provides details of the actions taken to date in pursuit of our strategy for the administration and section 10 details our proposals to achieve the purpose of the administration and to bring it to a conclusion in due course.

6. Joint administrators' receipts and payments

A summary of our receipts and payments for the administration period from the date of our appointments to 1 May 2020 is attached at Appendix III.

As explained at sections 7.3 and 7.4 below, the funds received from the Companies' bank accounts are subject to ongoing reconciliations to determine whether the funds relate to book debts, cash at bank, and any further post-administration fees due to the Operators. Consequently, the value of funds reflected as 'book debts' will undoubtedly change following completion of the reconciliations and transfer of all funds duly owed to the Operators. The correct position will be shown within the receipts and payments accounts to be provided with joint administrators' six month progress reports.

A summary of receipts and payments for the administration period for the trading Loyds homes has not been provided. The operator trading the homes on our behalf as administrators has not been able to provide detailed expenses to date. As such, any summary of receipts and payments would be materially inaccurate and report a substantial surplus of funds, which is misleading to creditors and will likely diminish significantly when the transactions have been processed. The correct position will be shown within the receipts and payments accounts to be provided in the joint administrators' six month progress reports.

7. Conduct of the administration

7.1 Tangible assets

The tangible assets of the Companies comprise the fixtures, fittings and various equipment within each of the Care Homes. The Companies most recent draft management accounts made up to February 2020 reflect these assets as having the following book values:

	Cedarhurst Lodge Limited Book Value (£)	Edgewater Lodge Limited Book Value (£)	Saintfield Limited Book Value (£)	Laudcare Limited Book Value (£)
Fixtures & Fittings	108,357	138,101	116,378	854,703
Equipment, Plant & Machinery	8,645	19,529	10,919	111,673
Office & Computer Equipment	1,733	799	184	2,965
	118,735	158,429	127,481	969,341

Independent agent, SIA Group Asset Ingenuity Limited ("SIA"), is currently undertaking a valuation of the Companies' tangible assets. SIA has confirmed its independence and that it is qualified by the Royal Institute of Chartered Surveyors ("RICS") and also that it holds adequate professional indemnity insurance.

Owing to circumstances surrounding COVID-19, SIA is undertaking a desktop valuation of the tangible assets, as opposed to entering the Care Homes, in order to prevent any risk to residents and the staff of both the Care Homes and SIA.

The valuations will be based on two scenarios of an in-situ and ex-situ basis, the former being a sale of the assets as a whole for use in their current working place, and the latter being for removal from the premises at the

expense of the purchaser(s). In light of the current administration strategy, the former valuation basis is most likely to apply to the future sale.

Owing to the nature of the assets, with regards to what they comprise and their used condition, it is believed that there will be little realisable value as compared to the current book values in the Companies draft management accounts. It is currently anticipated that all tangible assets of the Companies will form wider sale transactions of the businesses as a whole, to each of the current Operators.

It is considered that had, or in the event of the Care Homes being closed, the cost of removal and storage of these assets would far outweigh their value in a sale on an ex-situ basis.

7.2 Leasehold premises

On 19 March 2020, we instructed independent agent, Avison Young (UK) Limited ("Avison Young"), to provide advice on the leasehold value of each of the Care Home. Avison Young is qualified by the RICS and has confirmed its compliance with the provisions of the RICS Valuer Registration Scheme.

Avison Young's previous involvement includes providing a valuation of the landlord's interest in the portfolio of care homes (including those of the Companies), in October 2019, for loan security purposes and have otherwise confirmed no prior involvement in relation to the Care Homes. Avison Young inspected the Care Homes at that time.

7.3 Book debts and other receipts

The debtor ledger provided in respect of residents' fees are as follows:

Company	Book Value (£)
Cedarhurst Lodge Limited	355,165
Edgewater Lodge Limited	198,638
Saintfield Limited	237,905
Laudcare Limited	197,385

Following our appointments, the debtors continued to pay the fees due in the usual way. We have received payments into the Companies' former bank accounts which are understood to relate to both debtor balances and post-administration resident fees which are due to the Operators.

We have and are continuing to undertake a reconciliation of the Companies' bank accounts, in order to establish which receipts relate to post-administration resident fees due to the Operators. It has not been possible to complete this exercise sooner, owing to the difficulties faced with obtaining the bank statements. We understand the bank was unable to provide these due to the impact COVID19 has had on the level of their staffing and department availability.

Once a sale of the businesses and assets has completed and all post-administration residents' fees have been reconciled, the remaining balances will be subject to a further reconciliation to ascertain the book debt position. Following completion of this exercise, should any book debts remain unpaid, we will write to all debtors to request payment of the outstanding amounts.

Until such time as the position can be reconciled and remaining outstanding debts reviewed, it is not possible to place an estimate on the expected realisations of book debts.

7.4 Cash at bank

The Companies each hold three bank accounts for each of the Care Homes, comprising of a main account, an account reported as used for fundraising ("PA account") for the Care Homes and an account known as the 'residents' funds' ("RF account"), which the administrators are advised are funds belonging to the residents, for the respective Care Homes to purchase specific items for them.

Each of the bank accounts reflect the following balances as at the date of the administrations (including all transactions on the date of the administrations):

	Main Account (£)	PA Account (£)	RF Account (£)
Cedarhurst Lodge Limited	Nil	15,400.62	8.33
Edgewater Lodge Limited	5,161.56	2,637.89	1,694.51
Saintfield Limited	Nil	21,975.99	1,480.08
Laudcare Limited - Blackwell Vale	Nil	4,701.90	299.03
Laudcare Limited - Stanshawes	70,898.03	Nil	Nil
Laudcare Limited - Willoughby Grange	81.34	8,776.87	2,034.16

The administrators have received the balances from the main accounts. However, the statements reflect a number of transactions from the accounts within the first few days of the administrations, such as pending cheque payments which could not be stopped, all of which require further review.

A reconciliation of the post-appointment receipts will continue for the purpose of establishing the fees due to the Operators. Post-appointment fee payments reconciled to date have been duly transferred to the Operators. We anticipate that once the reconciliation is complete, the cash at bank figure on appointment will reduce as funds are reconciled and remitted to Operators.

The 'post-administration receipts' balance reflected at Appendix III therefore includes both cash at bank and debtor payments and may also include further fees due to the Operators for any subsequent receipts since the last reconciliation. The joint administrators' six-month progress report will include receipts and payments accounts reflecting the reconciled positions, separating the cash at bank and debtor payments.

7.5 Other assets

The information provided in the directors' estimated financial position of the Companies reflect other assets including inter-company balances, pre-payments and other debtors. We have not yet been provided with information in this respect to enable us to comment on these potential assets. Such information will be sought for the joint administrators' review, the outcome of which will be provided to creditors in the six-month progress report.

7.6 Other steps taken since appointment

We summarise below the other key matters that we have dealt with since our appointment:

Initial notifications & statutory matters

- Attended all Care Homes and provided written notification to all former employees, residents and the residents' next of kin, with regards to the administrations and Operators in place.
- Issuing correspondence to creditors, their representatives and other relevant parties with regards to the administrators' appointments and the continued operation of the Care Homes.
- Correspondence with the Companies' bank, accountants, shareholders and HM Revenue & Customs, notifying them of the administration and where applicable, requesting various information.
- Completed statutory filings at Companies House.
- Complied with statutory advertising requirements.
- Established the position with the Companies' pension schemes and conducted checks with the Pension Protection Fund.
- Calculation and application for a statutory insolvency bond.
- Writing to the directors regarding the appointment and their ongoing duties.

- Preparation of and issuing correspondence to the directors, with formal notice requesting SOAs of the Companies. Subsequent correspondence with the directors in this respect. Receipt and review of SOAs received.
- Preparation of the administrators' proposals and associated documentation.

General Administration and other matters

- Case file set up and maintenance.
- Cashiering: Opening bank accounts, monitoring receipts, completing deposit forms, payment processes and bank reconciliations.
- Completing checklists to ensure compliance and progression.
- Internal meetings and discussions to facilitate case progression, strategy and ensure compliance.
- Liaising with GT in respect of updates and strategy on Laudcare Limited.

Assets

- Seeking to obtain information on the Companies' assets.
- Liaising with the landlord of the Care Homes regarding the administration and the Operators.
- Arranging insurance for the Care Homes and other assets and liaised with the insurers with regards to carrying out site inspections and providing various information requested.
- Obtaining funds from the Companies' former bank.
- Seeking information on the Companies' book debts.
- Liaising with the bank, requesting statements to establish the position with book debt receipts and outstanding debts.
- Instructing agents and solicitors in relation to asset valuation and sale matters.
- Liaising with agents who were instructed by the Landlords to undertake marketing activities prior to the administrators' appointment.
- Liaising with and providing information to Avison Young and SIA in relation to asset valuations and recommendations.
- Receipt and review of the valuation report provided by Avison Young on the valuation of the Care Home leases.

Trading

The majority of time spent since our appointment relates to the ongoing operation of the Care Homes.

Whilst the Operators have been in place since the date of the administrations, the administrators have been heavily involved with financial matters of the trading operations, requiring a regular transfer of funds from the Companies' bank accounts to the respective Operators and FSHC (whilst the Care Homes payroll remains operational by FSHC) relating to the payment of payroll and certain supplies such as personal protective equipment during the COVID-19 outbreak.

This has entailed substantial time dealing with the bank and completing procedures to enable the transfer of funds on a regular basis from the Companies' accounts to the administration estate accounts, with payments then made from the estates to the Operators.

This has therefore required reconciliations of the Companies' bank accounts to be undertaken. This procedure remains in place whilst the Operators are awaiting their registrations with the CQC and RQIA to complete.

Further trading matters in which the administrators are involved include various employment matters particularly relating to Laudcare Limited, which have unexpectedly proved somewhat time consuming and have required the assistance of solicitors to provide the administrators with advice throughout the process. This work has included reviewing existing and new employment contracts, employment handbooks and wage increases proposed by one of the Operators and matters pertaining to the conduct of individual employees.

In summary, further key matters undertaken in relation to the ongoing trading of the Care Homes include:

- Liaising with various other parties including suppliers and FSHC.

- Correspondence with the bank, seeking statements to enable reconciliations to be undertaken to establish which funds relates to residents' fees due to the Operators.
- Liaising with the Operators in relation to various trading and ongoing matters pertaining to the pending sale of the Care Homes.
- Obtaining and providing various information to the Operators for the purpose of the sale of the businesses and transfer of the leasehold interests.
- Liaising with suppliers, the Operators and Sub-Agents with regards to ongoing supplies/accounts.

Creditors

- Liaising with the secured creditors on various aspects of the administrations.
- Assisting with unsecured creditor enquiries via email and telephone.
- Obtaining, inputting and maintaining creditors' contact details.

8. Financial position at the date of the administrations

8.1 Estimated financial position of the Companies

Whilst one of the directors has provided a SOA of each of the Companies, it appears that no provisions have been made to represent a realistic position on the likely realisable asset values and will result in a material difference in the ultimate position. Consequently, it is not considered appropriate to include the current SOAs in these proposals. We are in correspondence with the director in this respect and hope to receive a revised SOA for each of the Companies, which will then be filed at Companies House.

As the SOAs are not included in the proposals, attached at Appendix IV is a summary of the estimated financial position of the Companies as at the respective dates of administration, together with a list of creditors' names and addresses provided to date, details of their debts and, where applicable, details of any security held by them. This information has been provided by the Companies' directors but has not been subject to any audit or verification.

8.2 Charges and secured creditors

There are a number of charges registered against the Companies at Companies House, as follows:

Company	Charge	Debenture Date	Date Charge Registered	Original Charge Holder	Current Charge Holder
Cedarhurst Lodge Limited	Mortgage debenture	6 February 1995	8 February 1995	Nursing Homes Properties PLC	Hollyblue Healthcare (Ulster) Limited
Edgewater Lodge Limited	Mortgage debenture	27 March 1997	5 April 1997	Nhp Securities No. 1 PLC	Hollyblue Healthcare (Ulster) Limited
Saintfield Limited	Mortgage debenture	6 February 1995	8 February 1995	Nursing Home Properties PLC	Hollyblue Healthcare (Ulster) Limited
Laudcare Limited	Mortgage debenture	28 May 1999	3 June 1999	NHP Securities No. 4 Limited	Bruchmen No.2 Limited (06/05/10) / Bruchmen No.3 Limited (06/05/10)*

Laudcare Limited	Mortgage debenture	4 December 1996	7 December 1997	Nursing Home Properties PLC	Hollyblue Healthcare (Millbrow) Limited (26/06/16)
Laudcare Limited	Mortgage debenture	4 December 1996	7 December 1997	NHP Securities No. 1 PLC	Hollyblue Healthcare (Spring) Limited (24/06/16)

*Security appears to have been assigned to multiple Bruchmen entities

The current beneficiary listed has provided a security review document date 14 February 2020 prepared by the secured creditors' solicitors. The validity or assignment of the registered charges have not been verified by the administrators or their solicitors. In the event that funds become available to the secured creditor, the administrators will first obtain independent legal advice on the validity of the charges and the subsequent assignments.

At the date of the administration, the debt was estimated as follows:

	Estimated outstanding (£)	Period of unpaid rent
Cedarhurst Lodge Limited	228,161	Six months from 1 September 2019
Edgewater Lodge Limited	277,633	Six months from 1 September 2019
Saintfield Limited	185,457	Six months from 1 September 2019
Laudcare Limited	978,713	Six months from 1 September 2019

The above figures do not include interest or any other charges as may be applicable.

8.3 Preferential creditors

Preferential creditors generally comprise of employee claims including arrears of wages (up to a maximum of £800 per employee), all accrued untaken holiday and unpaid employee pension contributions (relating to a four month period prior to insolvency).

As the employees will be subject to TUPE as part of the pending sale of the businesses and the sale agreements will eliminate any such claims in the administration, no preferential claims are anticipated.

8.4 Prescribed Part

Where a company has created a floating charge on or after 15 September 2003 Section 176A of the Insolvency Act 1986 makes provision for a share of the company's net property to be set aside for distribution to unsecured creditors in priority to the floating charge holder. The company's net property is the balance that remains after preferential creditors have been paid and which would then otherwise be available for satisfaction of the claims of any holder of a debenture secured by a floating charge. The funds are referred to as the Prescribed Part.

The Companies granted floating charges between 6 February 1995 and 30 April 1997. Accordingly, there is no requirement to set aside a Prescribed Part fund for unsecured creditors out of the Companies' net floating charge property, as this requirement only applies to charges created on or after 15 September 2003.

8.5 Unsecured creditors

The director's estimated financial position of the Companies set out the following unsecured creditor liabilities:

Creditor Category	Cedarhurst Lodge Limited (£)	Edgewater Lodge Limited (£)	Saintfield Limited (£)	Laudcare Limited (£)
Trade & Expense	70,127	66,058	47,021	295,967

Employees & directors	22,354	18,068	18,185	189,253
Consumer	5,123	51	-	172,282
Accruals & other	41,122	31,845	17,972	140,000
HMRC	45,526	43,047	-	178,002
Inter-company	368,222	2,342,498	28,948	14,995,640
	<u>553,474</u>	<u>2,501,567</u>	<u>112,126</u>	<u>15,971,144</u>

We have not yet carried out a review of the unsecured creditor position or verified the creditor liabilities listed above, owing to the unlikely prospect of a dividend becoming available to the unsecured creditors. In the event of a dividend becoming available, a review of the Companies' records will be undertaken.

It should be noted that whilst there are consumer creditors listed, the administrators believe these may in fact be debtors and not creditors, with some inadvertent errors made in the information submitted by the directors. Consequently, the administrators have taken the decision not to include these figures in the estimated financial position of the Companies provided at Appendix IV.

Information on the inter-company liabilities listed above have not been provided and therefore, no information can be provided on these at this stage, however such information will be sought by the administrators.

As with the preferential liabilities (noted at section 8.4 above), the unsecured employee liabilities (which will typically include redundancy pay, payment in lieu of notice, wage arrears exceeding £800 per employee and certain unpaid pension contributions), are unlikely to arise in the administrations, owing to the pending sale of the businesses and transfer of employees under TUPE regulations.

9. Estimated outcome for creditors

Our current assessment of the likely outcome for creditors for all four of the Companies is as follows:

- Secured creditors' position under fixed charge - nil
- Preferential creditors' position - no claims anticipated
- Payments to secured creditors under floating charges - uncertain
- Unsecured creditors' position - nil

An estimated financial position of the Companies, which summarises the position is attached at Appendix IV. It should be noted that this statement is purely an estimate based on the information held to date and is subject to change as a result of numerous influencing factors (as stated within these proposals).

On the information available to the administrators at this time, it is envisaged that asset realisations will be insufficient to meet the costs of the administrations and the liabilities due to floating charge creditors in full. Consequently, no surplus is currently anticipated to enable a dividend to be paid to unsecured creditors.

Owing to the uncertain asset realisations anticipated, it is not possible at this stage to estimate the potential return to the secured creditors.

Creditors registered for VAT are reminded that they may be able to claim VAT bad debt relief in accordance with Section 36 of the Value Added Tax Act 1994. Relief is available when the debt is six months old and "written off" by the creditor entering it into their VAT refunds-for-bad-debts-account. Insolvency Practitioners have no role in administering VAT bad debt relief. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.

10. Proposals for achieving the purpose of administration

Our proposals for achieving the purpose of administration for the Companies are as follows:

- i. The administrators will continue to manage the affairs of the Companies in order to achieve the purpose of the administration, namely with the objective of achieving a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up (without first being in administration) pursuant to P3(1)(b) Sch B1.
- ii. The administrators will continue to trade the Companies by way of the Operating Agreements in place, for such period as they consider necessary to achieve the intended objective outlined above. Trading via the Operating Agreements is expected to continue until a sale of each of the respective businesses has been completed.

Practical steps to be taken for this purpose include:

- Finalise a reconciliation of the Companies' bank accounts to establish the final position with regards to the allocation of funds between the administration estates and the Operators.
 - The Operators to complete registrations with the RQIA;
 - Obtaining valuations of the Companies' assets;
 - Completion of legal matters pertaining to the sale agreements; and
 - Completing a sale of the businesses and assets.
- iii. The joint administrators propose that should it prove appropriate, they may take any action they consider necessary with a view to seeking the requisite approval of a CVA or a scheme of arrangement under Section 425 of the Companies Act. However, the administrators consider this action to be extremely unlikely.
 - iv. As the joint administrators do not consider that the survival of the existing Company is achievable they will take any action they consider necessary to achieve a sale of the businesses and assets as a going concern to maximise returns to creditors through the administration estates.
 - v. If having realised the assets of the Companies, the joint administrators think that a distribution will be made to unsecured creditors, other than by way of any applicable Prescribed Part distribution, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the joint administrators to an end and will move the Companies automatically into CVL, in order that the distribution can be made.
 - vi. If the administrators consider it appropriate and cost effective to do so, they may make an application to court for permission to make any distribution to the unsecured creditors that is not from the Prescribed Part in the administration instead of moving the Companies to CVL and then making a distribution. (Note: If permission is granted, subject to the need for further investigations as detailed in the next section, the Companies will exit via dissolution once the distribution has been made and the administration concluded).
 - vii. If the joint administrators think that if any of the Companies have no property which might permit a distribution to its creditors, they will file a notice with the court and the Registrar of Companies for the dissolution of the relevant Company.
 - viii. The joint administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 IA86, as they consider desirable or expedient to achieve the purpose of the administrations.

11. Exit route from administration

It is proposed that, at the appropriate time, the joint administrators will use their discretion to exit the administration by way of one of the following means:

- (i) If having realised the assets of the Companies, the joint administrators think that a distribution will be made to the unsecured creditors other than by virtue of the Prescribed Part, they may file a notice with the Registrar of Companies which will have the effect of bringing the appointment of the joint administrators to an end and will move the relevant Company automatically into CVL in order that the distribution can be made, but only if they consider that the associated incremental costs of a CVL are justified. In these circumstances, it is proposed that the joint administrators or if appropriate a combination of them, Colin Hardman, Henry Shinnars, Oliver Haunch and Daniel Smith will become the joint liquidators of the CVL. The acts of the joint liquidators may be undertaken by either or both of them.
- (ii) Creditors have the right to nominate alternative liquidators of their choice. To do this, creditors must make their nomination in writing to the joint administrators prior to these proposals being approved. Where this occurs, the joint administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the joint administrators will automatically become the joint liquidators of the Company in the subsequent CVL.
- (iii) If the joint administrators have, with the permission of the court, made a distribution to unsecured creditors in addition to any Prescribed Part distribution, or they think that the Companies otherwise have no property which might permit a distribution to its unsecured creditors, subject to there being a need for further investigations as described below, they will file notices, together with their final progress report, at court and with the Registrar of Companies for the dissolution of the Companies. The joint administrators will send copies of these documents to the Companies and their respective creditors. The joint administrators' appointments will end following the registration of the notice by the Registrar of Companies.

On current information, the most likely exit route is point iii above.

Administrators have the power to bring claims against former officers of the Companies in respect of transactions that may have caused or exacerbated a company's insolvency. Claims with a good prospect of success may be pursued by administrators but there may be cases where it would be more appropriate if a liquidator brought the claim, or where the timeframe would not be long enough, given the maximum extension period available to administrators. Should this prove to be the case, the proposed exit route(s) would be liquidation.

12. Other matters relating to the conduct of the administration

The matters detailed below are not considered to be part of the proposals but are intended to provide creditors with information concerning the remaining statutory and other matters that must be dealt with in the administrations.

- Submitting confidential information relating to the conduct of the directors to the Department for Business, Energy & Industrial Strategy. This obligation arises under the Company Directors' Disqualification Act 1986. Creditors should note that the content of any submission is strictly confidential and under no circumstances will discussions be entered into regarding this.
- Agreeing and making payment of preferential claims, subject to any such claims coming to light and availability of funds.
- Agreeing the claims of and making payment to secured creditors, including floating charge holders, in accordance with their respective priorities, subject to availability of funds.
- Filing corporation tax returns and obtaining tax clearance in respect of the administration period.

- Paying all costs and expenses of the administrations once any required approval has been obtained.
- Further statutory reporting as required by IA86 and IR16.

13. Pre-administration costs and expenses

13.1 Pre-administration costs

Pre-administration costs are defined as fees charged and expenses incurred by the joint administrators or another person qualified to act as an insolvency practitioner before the Companies entered into administration (but with a view to its doing so), and “unpaid pre-administration costs” are pre-administration costs which had not been paid when the Companies entered into administration.

Under the 2016 Rules, we are required to provide the following:

- Details of any agreement under which fees were charged and expenses incurred, including the parties to the agreement and the date on which the agreement was made.
- Details of the work done for which the fees were charged and expenses incurred.
- An explanation of why the work was done before the Companies entered administration and how it would further the achievement of an objective in P3 Sch B1. Note that this must be in accordance with subparagraphs (2) and (4) of P3 Sch B1 regarding performing functions in the interests of creditors as a whole and not unnecessarily harming creditors’ interests as a whole.
- A statement of the amount of the pre-administration costs, setting out separately -
 - 1) The fees charged by the administrators
 - 2) The expenses incurred by the administrators
 - 3) The fees charged to the administrators’ knowledge by any other person qualified to act as an IP in relation to the company and, if more than one, by each separately, and
 - 4) The expenses incurred by those referred to in 3) above.
- A statement of the amounts of pre-administration costs that have already been paid and set out in the same way as the bullet point above.
- The identity of the party who made the payment and the quantum. If more than one party made any payments, these parties and payments need to be listed separately; and
- A statement of the amount of unpaid pre-admin costs and set out in the same way as bullet point 4 above.

The basis of our pre-administration costs was set out in our engagement letter with Hollyblue Healthcare (Finance) Limited, as sole shareholder of the secured creditors (“the Appointers”), dated 5 February 2020. Our costs were to be charged on a time cost basis.

Our engagement was as follows:

- a) To prepare, in consultation with the Appointers and any solicitors instructed by them or by S&W, all necessary documentation for placing the Companies into administration.
- b) To take all necessary measures to prepare for an administration appointment of each of the Companies; and
- c) In consultation with the Appointor and solicitors instructed by them or by S&W, assisting with making the necessary applications to the court for administration orders, if deemed appropriate.

S&W’s total time costs in assisting the Company prior to our appointment as joint administrators are £131,666.38 plus VAT.

A breakdown of which is given in Appendix VI. As at the date of this report, the sum of £120,000 plus VAT has been paid towards these costs, with payment made directly by Hollyblue Healthcare (Millbrow) Limited following the joint administrators' appointment.

Pre-appointment fees charged and expenses incurred by S&W are detailed below:

Charged by/service(s) provided	Total amount charged (Net) £	Amount Paid (Net) £	Who made payment	Amount Unpaid (Net) £
Taylor Wessing LLP - Legal fees				
Cedarhurst Lodge Limited	15,684.29	NIL	N/A	15,684.29
Edgewater Lodge Limited	15,715.96	NIL	N/A	15,715.96
Saintfield Limited	15,684.28	NIL	N/A	15,684.28
Laudcare Limited	41,409.63	NIL	N/A	41,409.63
Smith & Williamson LLP - Administrators' pre-appointment fees	131,666.38	120,000.00	Hollyblue Healthcare (Millbrow) Limited	11,666.38
Total Fees	<u>220,160.54</u>	<u>120,000.00</u>		<u>100,160.54</u>
Disbursements:-				
<u>Cedarhurst Lodge Limited:</u>				
Toll charge	3.10	NIL	N/A	3.10
*Mileage	79.76	NIL	N/A	79.76
<u>Edgewater Lodge Limited:</u>				
Toll charge	3.80	NIL	N/A	3.80
*Mileage	79.76	NIL	N/A	79.76
Subsistence	7.00	NIL	N/A	7.00
<u>Saintfield Limited:</u>				
Toll charge	3.10	NIL	N/A	3.10
*Mileage	79.76	NIL	N/A	79.76
<u>Laudcare Limited:</u>				
Toll charge	10.00	NIL	N/A	10.00
Parking	20.00	NIL	N/A	20.00
*Mileage	456.57	NIL	N/A	456.57
Train fare	633.34	NIL	N/A	633.34
Taxi	18.00	NIL	N/A	18.00
Hotel	144.17	NIL	N/A	144.17
Photocopying (at third party premises)	34.50	NIL	N/A	34.50
Subsistence	46.64	NIL	N/A	46.64
Total Disbursements	<u>1,619.50</u>	<u>NIL</u>		<u>1,619.50</u>
Total Fees and Disbursements	<u>221,780.04</u>	<u>120,000.00</u>		<u>101,780.04</u>

*Category 2 disbursement (see 15.4 below)

The payment of unpaid pre-administration costs set out above will not be met by the administration estates and will instead be paid directly by the secured creditors.

The level of S&W's pre-appointment time costs are attributed to matters proving more complex and time consuming than initially anticipated, particularly with regards to finalising the operating agreements.

GT's total time costs in assisting the Company prior to our appointment as joint administrators are £55,561.83. These costs have been paid directly by the Secured Creditor and therefore will not be met by the estate.

As both S&W's and GT's pre-appointment time costs are being met by the secured creditors, no analysis of these costs, in accordance with SIP9, are appended. Pre-appointment fees charged and expenses incurred by GT:

Charged by/service(s) provided	Total amount charged £	Amount paid £	Who made payment	Amount unpaid £
Grant Thornton UK LLP Administrators' pre-appointment fees	83,797.21	55,561.83	LDC (Care Homes) Bidco Limited landlord	28,235.38

GT has been engaged by the LDC since December 2019 to advise on options in light of the non-payment of rent by Laudcare Limited (in addition to other tenant companies as defined in the SIP16 extract at Appendix V) and to assist the in executing the administration appointment. GT's fees in relation to this engagement have been met directly by the LDC

Other professionals who have assisted in advising the LDC and placing the Tenant Companies (including Laudcare Limited) into administration, who include Christie & Co, Shearman and Sterling LLP and Pinsent Masons LLP, were also paid directly by the LDC.

14. Joint administrators' remuneration

Insolvency Practitioners are required to provide stakeholders with details of the work they propose to do and the expenses that are likely to be incurred. Prior to drawing any fees, these details must be provided to creditors and approval given. Alternatively, creditors may form a committee and, if so, it is up to the majority of committee members to give consent.

Where it is proposed that fees are drawn from the insolvent estate on a time costs basis, a fee estimate will also need to be provided. Where it is unrealistic to estimate the work to be done at the outset, an estimate may be provided for a designated period or up to a particular milestone.

Creditors should be aware that the fees estimate is based on information available at present and may change due to unforeseen circumstances arising. If any approved fees estimate is exceeded, a revised estimate will need to be provided and approval given before any fees may be drawn in excess of the original approved estimate.

Some of the work required by Insolvency Practitioners is required by law and may not necessarily result in any financial benefit for creditors (or members). Examples of this work would include investigations required under the Company Directors' Disqualification Act 1986 or dealing with former employees' claims through the Redundancy Payments Service.

On some occasions, third parties may be instructed to provide expert advice on tax, legal or property matters to produce a financial benefit to creditors.

Each aspect of the work undertaken will require different levels of expertise and, therefore, cost. To make it clear, we have given the rates for each grade of staff with estimates of the total hours to be spent on each aspect in the table provided.

The basis of the joint administrators' remuneration may be fixed on one or more of the following bases and different bases may be fixed in respect of different things done by them:

- as a percentage of the value of the assets they have to deal with, or
- by reference to time properly spent by the joint administrators and their staff in attending to matters arising in the administration, or
- as a set amount.

In these cases, the joint administrators will be seeking approval for the basis of their remuneration to be fixed by reference to the time properly spent by the joint administrators and their staff, in attending to matters arising in the administrations.

Where no creditors' committee is appointed, approval of the joint administrators' remuneration shall be fixed using the decision making process either at a virtual creditors' meeting or by electronic and/or postal voting. As

the joint administrators have concluded that the Companies have insufficient property to enable a distribution to be made to the unsecured creditors, approval will be sought from the secured and (if necessary) the preferential creditors (if applicable), unless a creditors' committee has been established, in accordance with R18.18 IR16. As stated in this report, no preferential claims are anticipated.

We are not, at this present time, seeking approval of our fee basis. Approval will be sought from the secured creditors shortly. Details of the agreed fee basis and quantum will be reported to creditors in the six-monthly progress reports of the Companies, together with information required in accordance with SIP9.

For the purpose of transparency, S&W's post-appointment time costs incurred from the date of the administration to 24 April 2020 are as follows:

	Time costs (£)	Total hours	Average hourly rate (£)
Cedarhurst Limited	23,850	78.75	302.86
Edgewater Limited	22,793	74.65	305.33
Saintfield Limited	23,938	79.25	302.06
Laudcare Limited	72,188	233.70	308.89

A copy of "A Creditor's Guide to Administrator's Fees", as produced by the ICAEW, is available free on request or can be downloaded from their website as follows:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

Details of S&W's = charge out rates and policies in relation to the use of staff are provided at Appendix VII.

On a general note, please be aware that the charge out rates are subject to an annual review.

Creditors should also be aware that some of the work undertaken and yet to be or continuing to be undertaken by the joint administrators, is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include providing information relating to the Companies and their former officers as required by the Company Directors' Disqualification Act 1986 and issuing statutory six-monthly progress reports to creditors.

15. Administration expenses

15.1 Subcontractors

Whilst the trading activities of the homes have been contracted out the Operators via operating agreements, the Operators' costs are being met by the Operators and not from the estate, as with all post-administration fee income belonging to the Operators. Accordingly, there are no costs payable from the estates relating to subcontractors.

15.2 Professional advisors

We have used the professional advisers listed below. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

Professional adviser/service	Basis of fee arrangement	Costs Incurred (net) £	Costs paid £
Avison Young (UK) Limited - Agent's fees re. leasehold valuations	Fixed fee	12,500.00	NIL
Taylor Wessing LLP - Legal fees			
CE&S	Hourly rate and disbursements	4,459.50	NIL
Laudcare Limited	Hourly rate and disbursements	25,568.50	NIL
Pinsent Masons LLP	Hourly rate and disbursements	20,662.00	NIL
Total		63,190.00	NIL

Avison Young's fees have been charged at £2,500 (inclusive of VAT) per site. Their costs are therefore apportioned at £2,500 against each of the administration estates of CE&S and £7,500 against Laudcare Limited. Their work undertaken, as set out at section 7.2 above, was required as part of the administrators duties with regards to obtaining valuations and advice on the leasehold interests and whether any value would be realisable for the estates.

Taylor Wessing's fees incurred in respect of CE&S will be apportioned to the relevant estates at the time of receiving their invoices reflecting the breakdowns. Their fees incurred to date relate to advice provided on the following aspects of the case:

- Post-completion steps on each of the operating agreements
- Various HR matters
- Laudcare Limited: employment issues; preparation of the Blackwell Vale SPA (including property tax and employment input); Blackwell Vale operating agreement advice including that relating to reconciliations and non-operating costs.

Whilst some of their work will not add any direct financial benefit to the administrations, their services are imperative to the administrators fulfilling their duties and for due diligence and regulatory compliance.

Taylor Wessing's services relating to the operating agreements is considered to add financial benefit by way of the operating agreements enabling the Care Homes to continue operating without disruption, therefore preserving the value of the businesses and preventing financial loss to employees and potentially to residents in respect of advance fee payments.

Taylor Wessing is continuing to assist with various matters pertaining to the operations of the Care Homes, particularly with Laudcare Limited and with the SPAs.

Pinsent Masons LLP fees incurred to date relate to advice provided on the following aspects of the case:

- Drafting and negotiating sales of Avonmead and providing post-exchange advice
- Various HR matters, including negotiating immigration protocol
- General advice and support to the Administrators on the administration

Whilst some of their work will not add any direct financial benefit to the administration, their work undertaken was required in formalising the sales of certain homes, ensuring the trading homes continue to operate with minimal disruption and for due diligence and regulatory compliance purposes.

15.3 Administrators' disbursements

We have paid and/or incurred the following disbursements since our appointment:

Description	Incurred in current period (£)	Paid in current period (£)	Total costs outstanding at period end (£)
Statutory advertising	364.00	364.00	NIL
Joint Administrators' bonds	560.00	NIL	560.00
	924.00	364.00	560.00

Note: The above disbursements represent combined values for the Companies at £91 (advertising) and £140 (bonds) per company.

15.4 Category 2 disbursements

No Category 2 disbursements (as referred to in appendix VI) have been incurred in since the joint administrators' appointments.

Category 2 disbursements were incurred in the pre-appointment period, as noted at section 13.1 above.

In accordance with SIP 9, Remuneration of Insolvency Office Holders, the joint administrators will be seeking approval to draw Category 2 disbursements as and when funds are available, in accordance with the joint administrators' disbursement recovery policies.

15.5 Policies regarding use of third parties and disbursement recovery

Details of S&W's policies regarding the use of subcontractors and professional advisors and the recovery of disbursements are set out at Appendix VII.

16. Creditors' decisions

With the exception of the proposals relating to the joint administrators' and third parties' pre and post appointment remuneration and costs, the joint administrators propose to seek approval of these proposals by deemed consent. Unless more than 10% in value of relevant creditors object to the decision to approve the proposals by deemed consent, approval of the proposals will take effect from 20 May 2020. Relevant creditors are those creditors who would be entitled to vote in the event of an alternative decision procedure being used. For the avoidance of doubt, the 10% would relate to creditors of each of the Companies individually and not collectively.

If any creditors object to the joint administrators seeking approval of the proposals by deemed consent, those creditors will have to have delivered a notice to this effect to the joint administrators, along with a proof in respect of their claim, by no later than 13 May 2020, being 5 business days from the date of delivery of these proposals, failing which their objection will be disregarded.

It is the joint administrators' responsibility to aggregate any objections to see if the threshold is met for the decision to approve the proposals by deemed consent is to be taken as having not been made.

In the event that the threshold is met, the deemed consent procedure will no longer apply and approval will be sought by means of an alternative decision procedure.

The joint administrators do not believe that the Companies have sufficient property to enable a distribution to be made to unsecured creditors. In accordance with P52(1)(b) Sch B1, the administrators are therefore not required to seek a decision from the Companies' creditors as to whether they approve the administrators' proposals.

Unless the joint administrators receive a request that the proposals be approved via a decision instead, the proposals detailed will be deemed to have been approved. A request can only be made by creditors with claims totalling at least 10% of the total debts for the respective company of which they are a creditor, and this request must be received within 8 business days of these proposals being delivered.

Creditors considering whether to request a decision procedure may wish to note that the purpose of the decision is purely to approve or modify the proposals. It does not afford creditors the opportunity to question the directors of the Companies.

The joint administrators will seek approval of their post-appointment remuneration, disbursements and their discharge from liability from the secured creditors as appropriate.

17. Privacy and data protection

As part of our role as joint administrators, we would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at <https://smithandwilliamson.com/rsgdpr> and www.grantthornton.co.uk/en/privacy

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the Companies' data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

18. Next report and creditors' rights

The joint administrators are required to provide a progress report within one month of the end of the first six months of the administrations or earlier if the administrations have been finalised.

From receipt of the first progress report, creditors have rights under IR16 to request further information and to challenge the joint administrators' remuneration and/or expenses incurred. In summary:

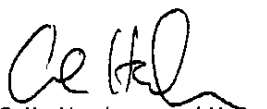
- Within 21 days of the receipt of a progress report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors (of the respective company) or otherwise with the court's permission) may request in writing that the joint administrators provide further information about their remuneration or expenses which have been itemised in the report.
- Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors (of the respective company) or otherwise with the court's permission) may within 8 weeks of receipt of a progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the joint administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the joint administrators, as set out in the report, are excessive.

The above rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact Colin Hardman or Henry Anthony Shinnars in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 25 Moorgate, London EC2R 6AY or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

- Email: insolvency.enquiryline@insolvency.gsi.gov.uk
- Telephone number: +44 300 678 0015
- Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.



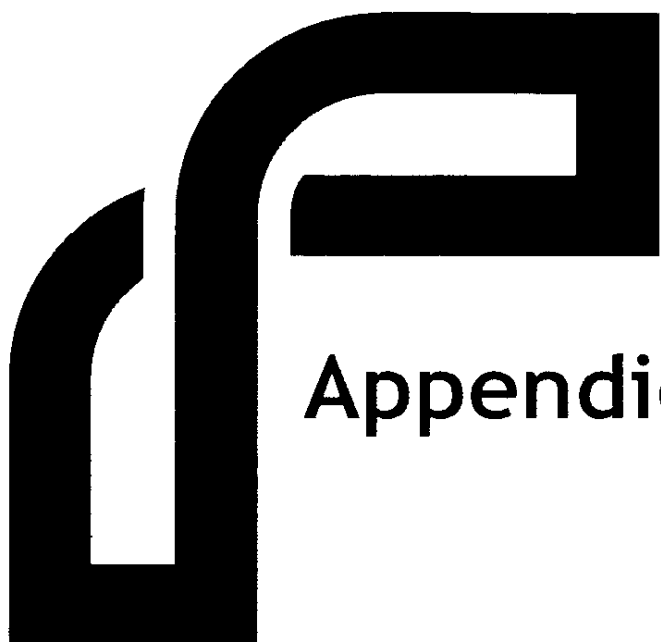
Colin Hardman and Henry Anthony Shinnars

Joint Administrators of Cedarhurst Lodge Limited, Edgewater Lodge Limited, Saintfield Limited and Laudcare Limited

Daniel Smith and Oliver Haunch

Joint Administrators of Laudcare Limited

Date: 4 May 2020



Appendices

I Statutory information

Cedarhurst Limited

Relevant Court	High Court of Justice
Court Reference	001794 of 2020
Trading Name(s)	Cedarhurst Lodge Care Home
Trading Addresses	Cedarhurst Lodge, Cedarhurst Road, Belfast, BT8 7RH
Former Name(s)	-
Registered Office	Formerly: Norcliffe House, Station Road, Wilmslow, SK9 1BU Changed to: c/o Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY
Registered Number	02983922
Joint Administrators	Colin Hardman and Henry Anthony Shinnars both of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY (IP No(s) 16774 and 9280) In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally.
Date of Appointment	12 March 2020
Appointor	Qualifying floating charge holder - Hollyblue Healthcare (Ulster) Limited
Director(s)	Mr Benjamin Taberner 26/03/2010 to present Dr. Maureen Claire Royston 13/12/2013 to present Martin William Oliver Healy 18/11/2019 to 30/01/2020 Timothy Richard William Hammond 15/02/2016 to 18/11/2019 Michael Patrick O'Reilly 15/02/2016 to 31/03/2017
Shareholder(s)	Four Seasons Health Care Group Limited 100% - 440,002 ordinary shares of £1 each
Secretary (if applicable)	Abigail Mattison 16/06/2014 to present
EU Regulations	The EU Regulation on Insolvency Proceedings 2015 applies to the administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

Edgewater Lodge Limited

Relevant Court	High Court of Justice
Court Reference	001795 of 2020
Trading Name(s)	Edgewater Lodge Care Home
Trading Addresses	Edgewater Lodge, Seaview Suite, 4 Sunnysdale Avenue, Donaghadee, BT21 0LE.
Former Name(s)	-
Registered Office	Formerly: Norcliffe House, Station Road, Wilmslow, SK9 1BU Changed to: c/o Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY
Registered Number	03085604
Joint Administrators	Colin Hardman and Henry Anthony Shinnars both of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY (IP No(s) 16774 and 9280) In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally.
Date of Appointment	12 March 2020
Appointor	Qualifying floating charge holder - Hollyblue Healthcare (Ulster) Limited
Director(s)	Mr Benjamin Taberner 26/03/2010 to present Dr. Maureen Claire Royston 13/12/2013 to present Martin William Oliver Healy 18/11/2019 to 30/01/2020 Timothy Richard William Hammond 15/02/2016 to 18/11/2019 Michael Patrick O'Reilly 15/02/2016 to 31/03/2017
Shareholder(s)	Four Seasons Health Care Group Limited 100% - 2 ordinary shares of £1 each
Secretary (if applicable)	Abigail Mattison 16/06/2014 to present
EU Regulations	The EU Regulation on Insolvency Proceedings 2015 applies to the administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

Saintfield Limited

Relevant Court	High Court of Justice
Court Reference	001796 of 2020
Trading Name(s)	Saintfield Lodge Care Home
Trading Addresses	Saintfield Lodge, 4 Old Saintfield Road, Belfast, BT8 8EY.
Former Name(s)	-
Registered Office	Formerly: Norcliffe House, Station Road, Wilmslow, SK9 1BU Changed to: c/o Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY
Registered Number	02983919
Joint Administrators	Colin Hardman and Henry Anthony Shinnars both of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY (IP No(s) 16774 and 9280) In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally.
Date of Appointment	12 March 2020
Appointor	Qualifying floating charge holder - Hollyblue Healthcare (Ulster) Limited
Director(s)	Mr Benjamin Taberner 26/03/2010 to present Dr. Maureen Claire Royston 13/12/2013 to present Martin William Oliver Healy 18/11/2019 to 30/01/2020 Timothy Richard William Hammond 15/02/2016 to 18/11/2019 Michael Patrick O'Reilly 15/02/2016 to 31/03/2017
Shareholder(s)	Four Seasons Health Care Group Limited 100% - 2 ordinary shares of £1 each
Secretary (if applicable)	Abigail Mattison 16/06/2014 to present
EU Regulations	The EU Regulation on Insolvency Proceedings 2015 applies to the administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

Laudcare Limited

Relevant Court	High Court of Justice
Court Reference	001755 of 2020
Trading Name(s)	Blackwell Vale Care Home Stanshawes Care Home Willoughby Grange Care Home Kingsmead Care Home Ladymead Care Home Oaktree Care Home Stanton Lodge Care Home
Trading Addresses	Blackwell Vale Care Home, Durdar Road, Carlisle, CA2 4SE. Stanshawes Care Home, 11 Stanshawes Drive, Yate, Bristol, BS37 4ET. Willoughby Grange Care Home, Willoughby Road, Boston, Lincolnshire, PE21 9EG. Kingsmead Care Home, 65 Prospect Place, Old Town, Swindon, Wiltshire, SN1 3LJ. Ladymead Care Home, Moormead Road, Wroughton, Swindon, Wiltshire, SN4 9BY. Oaktree Care Home, Lark Rise, Brimsham Park, Yate, Bristol, BS37 7PJ. Stanton Lodge Care Home, Milfield Avenue, Shiremoor, Newcastle Upon Tyne, Tyne and Wear, NE27 0LE.
Former Name(s)	-
Registered Office	Formerly: Norcliffe House, Station Road, Wilmslow, SK9 1BU Changed to: c/o Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY
Registered Number	03245110
Joint Administrators	Colin Hardman and Henry Anthony Shinnars both of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY (IP No(s) 16774 and 9280) Oliver Haunch (IP number 20950) of Grant Thornton UK LLP, 30 Finsbury Square, London, EC2A 1AG Daniel Robert Whiteley (IP number 8373) of Grant Thornton UK LLP, 30 Finsbury Square, London, EC2A 1AG In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally.
Date of Appointment	11 March 2020
Appointor	Qualifying floating charge holder - Hollyblue Healthcare (Spring) Limited
Director(s)	Mr Benjamin Taberner 26/03/2010 to present Dr. Maureen Claire Royston 13/12/2013 to present Martin William Oliver Healy 18/11/2019 to 30/01/2020 Timothy Richard William Hammond 15/02/2016 to 18/11/2019 Michael Patrick O'Reilly 15/02/2016 to 31/03/2017
Shareholder(s)	Four Seasons Health Care Group Limited 100% - 2,332,709 ordinary shares of £1 each
Secretary (if applicable)	Abigail Mattison 16/06/2014 to present

EU Regulations

The EU Regulation on Insolvency Proceedings 2015 applies to the administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

II Prior professional relationship

Statement of prior professional relationship of Colin Hardman, Henry Anthony Shinnars, Oliver Haunch and Daniel Robert in respect of the appointment of joint administrators

We have had no prior involvement with the secured creditors in the past 5 years.

On 5 February 2020 S&W were formally engaged to provide the Hollyblue Healthcare group with financial restructuring advice in connection with its negotiations in respect of the Hollyblue portfolio. Leading up to this formal engagement, S&W had been in discussions with the Hollyblue Healthcare group since 31 October 2019.

On 12 December 2019 GT was engaged to provide Loyds with financial restructuring advice in connection with its negotiations in respect of the Loyds' Portfolio.

III Receipts and payments accounts

Receipts and payments accounts to 1 May 2020

**Cedarhurst Lodge Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments**

To 01/05/2020

S of A £	£	£
ASSET REALISATIONS		
Book Debts	176,568.78	
Bank Interest Gross	<u>10.24</u>	
		176,579.02
COST OF REALISATIONS		
Statutory Advertising	91.00	
Admin Funding	104,185.10	
Bank Charges	<u>5.20</u>	
		(104,281)
		<u>72,297.72</u>
REPRESENTED BY		
VAT Receivable Flt Chg		18.20
Clients Deposit (Interest Bearing)		<u>72,279.52</u>
		<u>72,297.72</u>

**Edgewater Lodge Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments**

To 01/05/2020

S of A £	£	£
ASSET REALISATIONS		
Book Debts	137,890.64	
Bank Interest Gross	<u>4.61</u>	
		137,895.25
COST OF REALISATIONS		
Statutory Advertising	91.00	
Admin Funding	91,217.36	
Bank Charges	<u>3.95</u>	
		(91,312)
		<u>46,582.94</u>
REPRESENTED BY		
VAT Receivable Flt Chg		18.20
Clients Deposit (Int Bearing)		<u>46,564.74</u>
		<u>46,582.94</u>

**Saintfield Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments**

To 01/05/2020

S of A £	£	£
ASSET REALISATIONS		
Book Debts	121,344.15	
Bank Interest Gross	<u>9.56</u>	
		121,353.71
COST OF REALISATIONS		
Statutory Advertising	91.00	
Admin Funding	61,477.31	
Bank Charges	<u>5.20</u>	
		(61,574)
		<u>59,780.20</u>
REPRESENTED BY		
VAT Receivable Ftt Chg		18.20
Clients Deposit (Int Bearing)		59,762.00
		<u>59,780.20</u>

**Laudcare Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments**

To 01/05/2020

S of A £		£	£
	GENERAL FIXED CHARGE		
	Hollyblue Healthcare (Spring) Limited	<u>NIL</u>	NIL
	ASSET REALISATIONS		
Uncertain	Fixtures & Fittings	NIL	
Uncertain	Equipment, Plant & Machinery	NIL	
Uncertain	Office Equipment	<u>NIL</u>	
177,647.00	Book Debts	<u>NIL</u>	
Uncertain	Cash at Bank	<u>NIL</u>	
	Book Debts - Stanshawes	151,059.15	
	Book Debts - Willoughby Grange	45,629.73	
	Book Debts - Blackwell Vale	52,102.24	
	Bank Interest Gross	10.79	
	Hollyblue - Admin Advance Funding	100,000.00	
	Loyds - Admin Advance Funding	<u>30,000.00</u>	
			378,801.91
	COST OF REALISATIONS		
	Statutory Advertising	91.00	
	Blackwall Vale - Admin Funding	81,828.12	
	Willoughby Grange - Admin Funding	90,334.57	
	Stanshawes - Admin Funding	108,235.73	
	Admin Funding Bank charges	1.25	
	Bank Charges	<u>9.15</u>	
			(280,500)
	FLOATING CHARGE CREDITORS		
(1,010,828)	Hollyblue Healthcare (Spring) Limited	<u>NIL</u>	NIL
	UNSECURED CREDITORS		
(483,417)	Trade & Expense Creditors	<u>NIL</u>	NIL
	DISTRIBUTIONS		
(2,332,709)	Ordinary Shareholders	<u>NIL</u>	NIL
(3,750,395)			<u>98,302.09</u>
	REPRESENTED BY		
	VAT Receivable Flt Chg		18.20
	Clients Deposit (Int Bearing)		98,283.89
			<u>98,302.09</u>

Notes and further information required by SIP 7

- The S&W's pre-appointment costs have been part paid directly by the Hollyblue group, with the remaining outstanding costs also being sought from this party, therefore not intended to be paid from the estates.
- GT's pre-appointment costs have been paid outside of the estate by the Loyds' landlord.
- The joint administrators' post appointment remuneration has not yet been approved. Approval will be sought from the secured creditors shortly.
- Information concerning our remuneration and disbursements incurred is provided in the body of the report.
- We have not yet sought approval of or drawn any other costs that would require the same approval as our remuneration.
- Information concerning the ability to challenge remuneration and expenses of the administrations is provided in our report.
- As advised at sections 6, 7.3 and 7.4, the funds received from the Companies' bank accounts are reflected as book debt realisations. These funds are subject to ongoing reconciliations to determine whether the funds relate to book debts, cash at bank, and any further post-administration fees due to the Operators. Consequently, the value of funds reflected as 'book debts' will undoubtedly change following completion of the reconciliations and transfer of all funds duly owed to the Operators. The correct position will be shown within the receipts and payments account to be provided with administrators' six-month progress reports.
- All bank accounts are interest bearing.
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.

IV Estimated Financial Position of the Companies

Cedarhurst Lodge Limited - In Administration
Estimated Financial Position as at 12 March 2020

	Book Value £	Estimated to Realise £	£
ASSETS			
Hollyblue Healthcare (Ulster) Limited		(228,161)	
Deficiency c/d		(228,161)	
Fixtures & Fittings	108,357		Uncertain
Equipment, Plant & Machinery	8,645		Uncertain
Office Equipment	1,733		Uncertain
Book Debts	355,165		319,649
			319,649
LIABILITIES			
PREFERENTIAL CREDITORS:-			
			NIL
			319,649
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003			
Deficiency b/d			228,161
			91,488
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			NIL
			91,488
Estimated prescribed part of net property where applicable (to carry forward)			NIL
			91,488
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003			
			NIL
			91,488
Estimated prescribed part of net property where applicable (brought down)			NIL
			91,488
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade & Expense Creditors		76,821	
			76,821
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)			14,667
			14,667
Issued and called up capital			
Ordinary Shareholders		440,002	
			440,002
TOTAL SURPLUS/(DEFICIENCY)			(425,335)

Edgewater Lodge Limited - In Administration
Estimated Financial Position as at 12 March 2020

	Book Value £	Estimated to Realise £	£
ASSETS			
Hollyblue Healthcare (Ulster) Limited		(277,633)	
Deficiency c/d		(277,633)	
Fixtures & Fittings	138,101		Uncertain
Equipment, Plant & Machinery	19,529		Uncertain
Office Equipment	799		Uncertain
Book Debts	198,638		178,774
Cash at bank	5,162		Uncertain
			178,774
LIABILITIES			
PREFERENTIAL CREDITORS:-			
			NIL
			178,774
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003			
Deficiency b/d		277,633	
			(98,859)
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			NIL
			(98,859)
Estimated prescribed part of net property where applicable (to carry forward)			NIL
			(98,859)
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003			
			NIL
			(98,859)
Estimated prescribed part of net property where applicable (brought down)			NIL
			(98,859)
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade & Expense Creditors		84,925	
			84,925
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)			(183,784)
			(183,784)
Issued and called up capital			
Ordinary Shareholders		2	
			2
TOTAL SURPLUS/(DEFICIENCY)			(183,786)

Saintfield Limited - In Administration
Estimated Financial Position as at 12 March 2020

	Book Value £	Estimated to Realise £	£
ASSETS			
Hollyblue Healthcare (Ulster) Limited		(185,457)	
Deficiency c/d		(185,457)	
Fixtures & Fittings	116,378		Uncertain
Equipment, Plant & Machinery	10,919		Uncertain
Office Equipment	184		Uncertain
Book Debts	237,905		214,115
			214,115
LIABILITIES			
PREFERENTIAL CREDITORS:-			
			NIL
			214,115
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003			
Deficiency b/d		185,457	
			28,658
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			NIL
			28,658
Estimated prescribed part of net property where applicable (to carry forward)			NIL
			28,658
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003			
			NIL
			28,658
Estimated prescribed part of net property where applicable (brought down)			NIL
			28,658
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade & Expense Creditors		48,231	
			48,231
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)			(19,573)
			(19,573)
Issued and called up capital			
Ordinary Shareholders		2	
			2
TOTAL SURPLUS/(DEFICIENCY)			(19,575)

Laudcare Limited - In Administration

Estimated Financial Position as at 11 March 2020 Re. the Hollyblue Homes

	Book Value £	Estimated to Realise £	£
ASSETS			
Hollyblue Healthcare (Spring) Limited		(557,128)	
Deficiency c/d		(557,128)	
Fixtures & Fittings	854,703		Uncertain
Equipment, Plant & Machinery	111,673		Uncertain
Office Equipment	2,965		Uncertain
Book Debts	197,385		177,647
Cash at Bank	70,898		Uncertain
			177,647
LIABILITIES			
PREFERENTIAL CREDITORS:-			
			NIL
			177,647
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003			
Deficiency b/d		557,128	
		(379,481)	
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			NIL
			(379,481)
Estimated prescribed part of net property where applicable (to carry forward)			NIL
			(379,481)
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003			
			NIL
			(379,481)
Estimated prescribed part of net property where applicable (brought down)			NIL
			(379,481)
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Trade & Expense Creditors		483,417	
			483,417
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)			(862,898)
			(862,898)
Issued and called up capital			
Ordinary Shareholders		2,332,709	
			2,332,709
TOTAL SURPLUS/(DEFICIENCY)			(3,195,607)

V Laudcare Limited - Extract of SIP16

VI Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are:

- Smith & Williamson LLP's policies in relation to:
 - Staff allocation and the use of subcontractors
 - Professional advisers
 - Disbursement recovery
- Smith & Williamson LLP's current charge out rates

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or director or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment.

Disbursements

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

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements.

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

Charge out rates

A schedule of Smith & Williamson LLP's charge out rates applicable to this appointment are set out below. There have been no changes to the charge out rates during the period of this report.

Smith & Williamson LLP	London office	Regional
Restructuring & Recovery Services	£/hr	offices
Charge out rates as at 1 July 2019		£/hr
Partner / Director	470-540	376-432
Associate Director	440	352
Managers	270-380	216-304
Other professional staff	180-380	144-192
Support & secretarial staff	100	80

Notes

1. Time is recorded in units representing 3 minutes or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. The cashiering function time is incorporated within "Other professional staff" rates.

www.smithandwilliamson.com

Principal offices: London, Belfast, Birmingham, Bristol, Cheltenham, Dublin, Glasgow, Guildford, Jersey, Salisbury and Southampton.

Smith & Williamson LLP is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. A member of Nexia International. Registered in England at 25 Moorgate, London EC2R 6AY No OC369871.

Nexia Smith & Williamson Audit Limited is registered to carry on audit work and regulated by the Institute of Chartered Accountants in England and Wales for a range of Investment business activities. A member of Nexia International.



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Recovery and Reorganisation
Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

**Brighterkind (Loyds) Limited,
Chestnut Lodge Limited,
Four Seasons (Bamford)
Limited, Huntercombe
(Loyds) Limited, Rosevale
Lodge Limited, Westview
Lodge Limited – all in
Administration (together the
Tenant Companies)**

Report to creditors required under
Statement of Insolvency Practice 16 and
Statement of Administrators' Proposals

**Laudcare Limited – in
Administration**

Report to creditors required under
Statement of Insolvency Practice 16 **only**.
Statement of Administrators' Proposals will
follow in due course

Prepared by: Oliver Haunch, Joint Administrator

Contact details: Should you wish to discuss any matters in
this report, please do not hesitate to
contact Matthew Drinkwater on 0161 953
6386

Definitions

The following definitions are used either within the body of this report, the appendices to it, or both.

Brighterkind	Brighterkind (Loyds) Limited
Chestnut	Chestnut Lodge Limited
Elevation	Elevation Advisors LLP
Four Seasons (Bamford)	Four Seasons (Bamford) Limited
Huntercombe	Huntercombe (Loyds) Limited
Laudcare	Laudcare Limited
Rosevale	Rosevale Lodge Limited
Westview	Westview Lodge Limited
the Group Companies	Brighterkind (Loyds) Limited, Chestnut Lodge Limited, Four Seasons (Bamford) Limited, Huntercombe (Loyds) Limited, Laudcare Limited, Rosevale Lodge Limited, Westview Lodge Limited
the Tenant Companies	Brighterkind (Loyds) Limited, Chestnut Lodge Limited, Four Seasons (Bamford) Limited, Huntercombe (Loyds) Limited, Rosevale Lodge Limited, Westview Lodge Limited
the Joint Administrators/we/us/our	Daniel Smith and Oliver Haunch of Grant Thornton
the Loyds Group/the Landlord	The landlord of the Loyds Portfolio
the Loyds Portfolio	A portfolio of 59 care homes which the Group Companies lease
Grant Thornton/the Firm	Grant Thornton UK LLP
Monarch	The landlord of the properties which Laudcare Limited leases
FSHC/Four Seasons	Four Seasons Healthcare Group
HCMS	Healthcare Management Solutions
Terra Firma	Terra Firma Capital Partners
H/2	H/2 Capital Partners
TSA	Transition Service Agreement
Capex	Capital expenditure
TUPE	Transfer of Undertakings (Protection of employment) Regulations 2006
WIP	Work in Progress
SIP	Statement of Insolvency Practice

1 Executive summary

- Daniel Smith and Oliver Haunch of Grant Thornton were appointed as Joint Administrators of the Group Companies on 11 March 2020.
- The Group Companies lease 59 homes from a landlord known as the Loyds Group; 51 of these homes are currently operational, with a further 8 closed (the Loyds Portfolio). These homes are split across seven limited companies: Brighterkind (Loyds) Limited, Chestnut Lodge Limited, Four Seasons (Barnford) Limited, Huntercombe (Loyds) Limited, Rosevale Lodge Limited, Westview Lodge Limited and Laudcare Limited.
- Laudcare Limited leases four homes (3 operational and 1 closed) in the Loyds Portfolio and a further 3 homes from a landlord known as Monarch (the Monarch Homes), which are excluded from the Loyds Portfolio.
- All other Group Companies in administration contain solely homes from the Loyds Portfolio.
- Colin Hardman and Henry Shinnars of Smith and Williamson LLP were also appointed as Joint Administrators to Laudcare Limited on 11 March 2020. Messrs Hardman and Shinnars will handle the Monarch Homes and Messrs Smith and Haunch will handle the Loyds Portfolio.
- This document addresses the SIP 16 and Statement of Administrators' Proposals statutory reporting requirement for the Loyds Portfolio where Daniel Smith and Oliver Haunch are Joint Administrators.
- This document addresses the SIP 16 statutory reporting requirement only for Laudcare Limited in respect of the assets captured by the pre-packaged sale. Full Proposals in respect of Laudcare Limited will follow in due course.
- The remainder of this communication to creditors deals exclusively with the Loyds Portfolio homes across the Group Companies. The Monarch Homes are not subject to a pre-packaged administration process and, as such, the strategy for dealing with these homes will be communicated to creditors via the Administrators' proposals in respect of Laudcare Limited.
- The Group Companies are part of FSHC and, until the appointment of the Administrators, FSHC operated the care homes.
- Upon appointment, the provision of all necessary and relevant services relating to the day-to-day operation of all 51 of the operational homes transitioned to new operators, appointed by the Administrators to operate the homes on their behalf.
- 39 of the care homes (the Leasehold Transition Homes) are transitioning to 4 experienced, long-term operators (the Incoming Operators). The Incoming Operators have also exchanged contracts with the Administrators to acquire the business and assets of the homes, and to take assignments of the existing leases, from the Group Companies. The sale transactions will complete once consent to the re-registration of the care homes, with the new operators, by the respective regulator is provided. It is anticipated that the re-registration period may take up to three months to complete.
- Notwithstanding the potential delay in completing the agreed transactions, the terms have been agreed with Incoming Operators in advance of the Administrators' appointments, with the contracts exchanging immediately following the appointments. We are therefore treating these transactions as pre-packaged administration transactions for the purposes of reporting to creditors.
- The remaining 12 trading homes and 8 closed homes are currently being marketed for sale, jointly with the landlord, in a process being run by Christie & Co (the Disposal Homes). It is anticipated that they will be sold on a piecemeal disposal basis over the coming months.
- In the interim, the Disposal Homes that are trading will be run by HCMS. HCMS is experienced in providing care home management services and has been engaged to manage the Disposal Homes on behalf of the Administrators whilst the sales process is ongoing.
- For the avoidance of doubt any future transactions relating to the Disposal Homes are not considered pre-packaged administration transactions.

- The pre-packaged administration transactions were entered into in pursuit of achieving a better result for the Group Companies' creditors as a whole than would be likely if the Group Companies were wound up without first being in administration, being a statutory purpose of administration. We are of the opinion that the outcome achieved was the best available outcome, that could be reasonably obtained, for creditors as a whole in all the circumstances.
- It is unlikely that there will be funds available to return to unsecured creditors.



Oliver Haunch
Joint Administrator

18 March 2020

2 Initial introduction

This section provides details of how Grant Thornton was introduced to the Group Companies and details of our involvement prior to the appointments.

2.1 Initial introduction

The Firm was approached by the Loyds Group in November 2019 to provide advice in light of FSHC's default of their rental obligations to the Loyds Group from September 2019 onwards. The Firm was engaged by LDC (Care Homes) Bidco Limited and its subsidiary undertakings (the Loyds Group) as financial advisor on 12 December 2019.

2.2 Prior involvement with the Group Companies

We have had no prior involvement with the Group Companies in the past 5 years.

On 12 December 2019 the Firm was engaged to provide Loyds with financial restructuring advice in connection with its negotiations in respect of the Loyds Portfolio.

3 Pre-appointment considerations

This section provides details of the considerations and the work done by us, as proposed administrators, prior to our appointments in order to determine that a pre-pack was the optimal strategy in maximising the return for creditors.

3.1 Nature of the Group Companies' business

The Group Companies sit within the Four Seasons group, which is ultimately owned by private equity firm Terra Firma Capital Partners Limited.

The Group Companies operate 1930 beds across the Loyds Portfolio, caring for 1,883 residents and employing over 2,500 staff.

Four Seasons is one of the UK's largest independent health care providers, caring for more than 10,000 people across the UK. Four Seasons provides long-term and respite residential and nursing care for the elderly.

Four Seasons operates as three businesses:

- **Four Seasons Healthcare** – a national network of homes offering nursing and dementia care together with other specialist capabilities to meet the anticipated growing demand of people requiring elderly care.
- **Brighterkind** – a group of homes offering high quality elderly care together with higher standard services and activity programmes focused on self-funded residents.
- **The Huntercombe Group** – specialist units providing care, treatment and rehabilitation services in mental health, acquired brain injury and neurodisability.

Across the Loyds Portfolio there is one home operated as Brighterkind, three operated as Huntercombe homes and the remaining 47 operational homes are Four Seasons Healthcare branded.

3.2 Causes of the Group Companies' distress

In 2012, Terra Firma bought the business for £825 million. Terra Firma injected £390million of capital but failed to bring down the companies' debt burden, which meant the Group remained highly geared with high interest payments, ultimately leading to its downfall.

Four Seasons has been impacted by local authority funding cuts and rising costs, which has made it increasingly difficult to manage its debt burden (c.£500 million).

In 2015, American hedge fund H/2 began buying the companies' loans and eventually became the group's largest creditor. H/2 is a Connecticut-based hedge fund run by Spencer Haber.

H/2 took effective control of Four Seasons from Terra Firma after it failed to meet a £26 million debt interest payment in 2017.

On 30 April 2019, Four Seasons placed two of its holding companies into administration, initially with a view to find a buyer for the Group. Richard Dixon Fleming, Mark Granville Firmin and Richard James Beard of Alvarez & Marsal Europe LLP were appointed administrators and H/2 remained the Groups majority creditor.

In September 2019, Four Seasons defaulted on its rental obligations across its leasehold portfolio of more than 150 homes as part of its strategy to renegotiate with certain landlords, including the Loyds Group.

3.3 Actions taken by the Group Companies

As a consequence of the rent default, the Loyds Group approached and engaged Grant Thornton to undertake a review and advise on restructuring options available.

Initially, the Loyds Group entered into dialogue with Four Seasons and their advisors with a view to agreeing a consensual TSA. However, insufficient progress was achieved and an accelerated sales process of the business and assets of the Loyds Portfolio and assignment of the respective leases to new operators, through a pre-packaged administration, was determined to be the best outcome for creditors as a whole.

3.4 Rights of the Loyds Group

In light of the rental default position the Loyds Group has certain rights pertaining to it as landlord under the leases in place with the Group Companies.

The Loyds Group could forfeit the leases, however, this would likely cause significant dissipation in the value of the real estate and business. It would also result in the closure of the care homes which, in turn, would cause material disruption to residents, their families, local authorities, regulators and employees.

The terms of the lease also give Loyds Group the right to transition the operations of the homes to an alternative operator and acquire the business and assets of the Group Companies for £1 to facilitate the transaction. This not only preserves the real estate value, but also minimises the disruption to other stakeholders.

3.5 Actions taken by the Loyds Group and the prospective Administrators

In light of the above, a full contingency planning and accelerated marketing process was commenced in January 2020. The process sought to explore two potential alternatives to the Group Companies as operators:

- 1 a sale of the freehold properties to a third-party, with the business and assets associated with the Group Companies being acquired by the purchaser for £1 as a result of the rights of the landlord under the leases; and
- 2 an assignment of the leases to an alternative operator, with the business and assets of the Group Companies transitioning to the incoming leasehold operator for £1 under the terms of the leases

The Loyds Group engaged Christie & Co to explore a sale of the care homes and Elevation to investigate the assignment of the leases to alternative operators. Grant Thornton remained engaged as financial advisor to advise the Loyds Group on the recommended strategy.

A condition of the sales would have been that the new leasehold operators could complete the process in a short timeframe, which a number of interested parties were not able to meet. After appraising the offers in hand, the Loyds Group decided to proceed with new leasehold operators in respect of the 39 Leasehold Transition Homes and a sale process in relation to the remaining 12 operational and eight closed Disposal Homes.

The prospective Administrators negotiated the business and asset transfer agreement and the leasehold assignment with the new operators of the Leasehold Transition Homes, as well as the interim operating agreement, which will be in place with operators whilst the regulatory re-registration process is concluded.

The Administrators and the new operators entered into the operating agreement and exchanged contracts on the business and asset transfer agreement and lease assignment immediately following their appointment on 11 March 2020.

3.6 Alternative courses of action considered by the proposed administrators

Achieving a consensual solution with Four Seasons

It was established that a consensual solution to transition the homes to new operators outside of an administration appointment was not viable due to:

- insufficient progress on the terms of a TSA, or indeed any consensual arrangement, since 18 December 2019;
- uncertainty over how to ensure the cooperation of all parties would be maintained throughout the process; and
- an inability to address the rental arrears position (c.£6 million).

Third party disposal

It was impossible for the Administrators to pursue a disposal of the assets of the Group Companies independent of the landlord's process for the following reasons:

- 1 If the Administrators refused to sell the operating assets for nominal value (i.e. £1) to the Landlord's nominated operators, the landlords, with the benefit of its rights under the leases, would have been able to exercise such rights to procure a sale of such assets for a nominal value in any case.
- 2 Setting aside the Landlord's rights under the leases, any deal that the Administrators sought to strike that did not have the consent of the Landlord would have risked the Landlord forfeiting the leases ahead of the appointment of the Administrators, or seeking to withhold consent to the assignment of the leases.
- 3 The Loyds Group is providing funding to the Administrators to ensure that the homes can continue to trade during the transitional period. The Loyds Group is prepared to fund the Administrations to protect the value in its freehold real estate (this does not apply to any other party). Without the support of the Loyds Group and considering the minimal value of the assets vesting in the Administrations, no other party would have been willing to fund a process whilst an alternative sale, independent of the landlord, was explored.
- 4 Notwithstanding the above and the Landlord's rights to acquire the business and assets for £1, the market value of the assets in the administrations is likely to be negligible. The portfolio generates earnings before interest, depreciation, amortisation, rent and central management costs of c.£16.0 million per annum. However, the rental obligations are in excess of £12.0 million, a rent cover of 1.3x. For there to be any value in the operating company of a leasehold business in the sector, there must be rent cover of at least 1.6x to 1.8x to cover capex, central management charges, interest and tax.

We have also had a non-reliance desk top review of the leasehold interest, which resulted in an estimated value of £nil. In any third-party disposal, the current rent obligations would have to be honoured by the incoming purchaser.

Liquidation of the Group Companies

In a liquidation, appointed liquidators would have had no option but to close the homes and make all employees redundant. In that situation, the Group Companies would, in principle, remain liable for all the rent under the unexpired term of the leases.

Significant claims from employees of the Group companies would arise, as well as suppliers of the Group as a result of contracts failing to be serviced, markedly increasing creditor claims in a liquidation compared to an administration.

A liquidation would also disrupt continuity of care, which is of critical importance to the welfare of elderly and vulnerable residents.

3.7 Requests for funding the Administrations, and the decision on whether to trade

Cash flow analysis was undertaken by us prior to the appointments. It was determined that continuing to trade the Group Companies would require significant funding. The directors were unable to secure alternative funding without further debt forgiveness being pursued from the Landlords.

As such, a Funding Agreement was enacted between the Loyds shareholders and Joint Administrators on 11 March 2020 to fund the working capital requirements of the Group Companies in administration (excluding the Monarch Homes).

For the reasons stated at 3.6, save for the Loyds Group, there would have been no alternative funders prepared to finance the Administration and enable the Group Companies to continue to trade whilst an alternative buyer was sought.

3.8 Consultation with major creditors and key stakeholders

The Loyds Group is the most significant creditor (except for an intercompany balance) of the Group Companies in respect of unpaid rent and other sums outstanding under the relevant lease agreements. As such, the Loyds Group, as the principal creditor, was fully consulted and part of the decision-making process.

The directors did commence a process to achieve a consensual outcome in the form of a TSA, however a mutual agreement could be not secured.

Details of registered securities relating to the Group Companies are provided at Appendix C.

3.9 Previous connected insolvencies

Following on from discussions with the Directors of the Group Companies, it has been confirmed that the business/assets have not been acquired from an insolvency process in the last 24 months. A review of the Group Companies' financial records has been conducted and reaffirms this position.

4 Marketing of the business and assets

4.1 Overview

In light of the work undertaken by the two firms of specialist agents outlined in this section, and in light of the pre-emption rights of the landlord discussed in section 3.4, the Joint Administrators are satisfied that the marketing undertaken was appropriate to the situation and sufficient to satisfy the marketing principles set out in SIP 16.

4.2 Approach to interested parties

We identified potential interested parties through the following, which were run in parallel (Leasehold Transition Homes and Disposal Homes) until the preferred strategy was identified:

- Elevation

Elevation ran a short and targeted marketing campaign to identify interested parties who would be willing to take on new operating leases across the Leasehold Transition Homes. Due to insufficient progress regarding the terms of a TSA, this had to be executed through an administration process, therefore any incoming operators had to be willing to operate the homes during the administration process under a separate operating agreement, which will cease immediately upon re-registration with the relevant regulatory body. This process was limited to the parties approached by Elevation and not published online. This method was chosen to control the process and ensure the best possible outcome was achieved.

- Christie & Co

Christie & Co ran a process for the sale of the leasehold along with the freehold interest in each of the homes in the Loyds Portfolio. Any homes sold via the Christie & Co process would be supported by an interim operator during the administration process until the sales process has been executed. This marketing strategy also included listing some of the homes on an online sales platform.

4.3 Marketing strategy

Having considered matters carefully, we concluded that any analysis and subsequent marketing process undertaken in respect of the operating assets of the Group Companies would have put the sale to the Incoming Operators at significant risk given their desire to complete transactions swiftly.

In pursuing a marketing process, the rent would have remained unpaid, materially increasing the claims against the Group Companies. Additionally, any further delay in the administrations could have resulted in forfeiture of the leases, preventing any sales of the businesses as going concerns.

Further, without the support of the Landlord who had underlined its desire for the Group Companies to be sold to the Incoming Operators, we would have no access to the funding required to retain the premises to trade the Group Companies in administration, or remove and store the operating assets on another site with a view to their ultimate sale.

It was determined that the best outcome for creditors was to pursue the transition of the leases and the business and assets to new operators where realistic new operators had been identified in relation to the 39 Leasehold Transition Homes. Where no interest in the acquisition of the leasehold could be achieved, the home is to be sold via the Christie & Co process.

4.4 Offers received

Elevation

In Q4 2019 Elevation, a specialist investor and asset manager focusing solely on the UK healthcare real estate sector, was appointed as interim asset managers to the Loyds Portfolio by the Loyds Shareholders. The portfolio consisted of a group of 59 care homes leased to the FSHC group, including 39 Leasehold Transition Homes, which were trading sustainably and deemed desirable for new operators.

Elevation conducted a short and targeted marketing campaign on the Leasehold Transition Homes with sixteen established care home operators from across the UK and Ireland, with the objective of securing three to six operators to take on leasehold interests in the homes to create a balanced and diversified portfolio with reputable operators.

Operator interest was sought by 20 January 2020 and a total of nine operators put forth serious expressions of interest in the homes, with at least two operators interested in every single home in the Leasehold Transition Home portfolio. Operators were carefully selected based on their geographic and operational synergies, ability to integrate new homes and support care delivery, as well as for economic reasons, with the nine operators reduced to five by 7 February 2020.

Site visits were conducted across February and early March 2020 by Elevation and Incoming Operators, supported by FSHC. One operator was removed from the process on 14 February 2020 due to their inability to deal with the capex implementation program required for their allocated home and the home they were interested in was re-allocated to one of the remaining operators.

Operating agreements were distributed on 14 February 2020 and other documentation (business transfer agreements and leases) followed later in the month, with commercial and legal negotiations concluded by early March in readiness for the operators to take over the homes from FSHC on 11 March 2020.

Christie & Co

As referenced in section 4.1, Christie & Co was instructed to execute a sales process for the leasehold and freehold interest in each of the homes in the Loyds portfolio. Michael Hodges (BSc (Hons) MRICS) led the process, drawing on his specific expertise in the healthcare sector as well as business turnaround and recovery.

Indicative group bids were received from three separate parties in mid-January 2020, together covering 24 assets (22 Leasehold Transition Homes and 2 Disposal Homes).

A focused marketing campaign for the Disposal Homes was also launched in mid-January 2020. The deadline for first round bids was set at 14 February 2020 and bids were evaluated and a shortlist of parties prepared over the following week. As at 18 February 2020, 59 offers had been received. Viewings were conducted in early March with best and final offers due on 20 March 2020.

A focused marketing campaign for the closed homes was also launched in mid-January 2020. Viewings were carried out in early February with 48 bids received as at 25 February 2020. The deadline for best and final bids was set at 5 March 2020, with 56 offers received as at that date. On 12 March 2020, following due diligence of bids and further dialogue with parties, sale agreements subject to contract were secured.

5 Valuation of the business and assets

5.1 Basis of valuations

We obtained valuations of the assets in order to perform financial analysis to enable us to make a decision as to whether the transaction would be in the best interests of the creditors.

A break-up valuation reflects the value of the assets should the company cease to trade. This is used to estimate the outcome for creditors should the transaction not occur and the company proceeds into liquidation. This is usually the worst-case position for creditors.

A going concern valuation reflects the value of the assets where a transaction includes a trading business. This is typically of greater value than a break-up basis due to the attributing of value to goodwill and future income streams. A going concern value is used to provide a guide to administrators as to the value of individual assets being sold as part of a wider transaction.

We instructed Mike Hodges, Chartered Member of the Royal Institute of Chartered Surveyors, of Christie & Co to perform a desktop review of the leasehold interest due to their strong reputation and track record of providing independent advice. Christie & Co had also not provided any previous leasehold valuation work, albeit engaged to carry out freehold valuation work (which had no connection to the leasehold strategy in any case). Christie & Co have confirmed that they have adequate Professional Indemnity cover.

Christie & Co's desktop review indicated there was a £nil value, albeit there is no market precedent for a leasehold sale of this nature from which it could be benchmarked.

We consider that we obtained fair market value through the marketing process undertaken, as, ultimately, the assets are worth what a party will pay for them in the circumstances, taking into account the distressed nature of the business. Although this value is theoretical anyway, because no party, with the exception of the Loyds Group who has an interest in the freehold real estate, would have been willing to meet the significant working capital contribution required to trade the business in administration.

5.2 Intangible assets

The transaction achieved a value of £nil for the intangible assets.

The intangible assets associated with the Group's operating brands such as Four Seasons Health Care, Huntercombe and Brighterkind are not held at the company level where the Administrators have been appointed. These brands remain the legal property of the wider Group, therefore no value can be realised for these intangible assets.

5.3 Chattel assets

As discussed in section 3.4 of this report, following an insolvency event in respect of the Group Companies (including an unremedied default), the Landlord can require them to assign the leases and acquire from the Group Companies all trading assets, fixtures and fittings for £1.

The terms of the lease agreements determine that the Group Companies must convey, transfer, assign or otherwise deal with any charged property (including the operating assets) in such manner as the Landlord may require.

6 The transaction

6.1 Details of the transaction

Date of transaction	Contracts have exchanged in respect of the sale of the business and assets of the Group Companies. However, completion of the transactions is subject to the respective regulators' consent to re-registration of the homes with the new operators. A process that may take up to three months	
Identity of purchaser	The specific special purpose vehicle (SPV) purchasers are identified in Appendix C. However, the SPVs are part of the following established operator groups: - Belsize Healthcare - Burlington Care - Healthcare Homes - Healthcare Ireland	
Purchasers' connection to the Companies:		
	directors	None
	shareholders	None
	secured creditors	None
	associates	None
Company directors, former directors, or their associates	N/A	
Assets sold and consideration:		
Fixed charge		
	None	N/A
Floating charge		
	Assignment of the leasehold interest (amount per home)	£1
Material conditions for consideration	None	
Terms of payment	Payment, if demanded, is to be made following the completion of the regulatory re-registration process which is expected to take up to three months	
Part of wider overall transaction	Lease assignments and sale of the business and assets of 52 operational care homes across the Group Companies	
Providers of finance to the transaction	Finance has been provided by the Loyds Group (the landlord) as part of a working capital facility to support the administration	
Any directors' personal guarantees	None	

6.2 Connected party transaction

The pre-pack pool is an independent body of experienced businesspeople who will offer an opinion on the purchase of a business and /or its assets by connected parties to a company where a pre-pack sale is proposed.

As the Incoming Operators are not connected with the Group, no approach to the pre-pack pool was made.

7 The Administrators' Appointments

7.1 Appointment of Administrators

Across the six Tenant Companies over which the Joint Administrators have been appointed, there is a different security structure (as presented below).

Company	Security	Appointment method
Brighterkind (Loyds) Limited	None	By the directors
Chestnut Lodge Limited	Qualifying floating charge	By the directors
Four Seasons (Bamford) Limited	Qualifying floating charge	By qualifying floating charge holder
Huntercombe (Loyds) Limited	None	By the directors
Laudcare Limited	Qualifying floating charge*	By qualifying floating charge holder
Rosevale Lodge Limited	Qualifying floating charge	By the directors
Westview Lodge Limited	Qualifying floating charge	By qualifying floating charge holder

*Charge holder is Monarch rather than Loyds

For all directors appointments, having considered all the options, the board of directors of these companies concluded that the best option was for these Companies to be placed into administration, and subsequently on 11 March 2020 the directors filed notices of appointment of administrators in accordance with paragraph 22 of Schedule B1 to the Insolvency Act 1986 (as amended).

Where appointment was via the qualifying floating charge holder, having considered all the options, the Loyds Group concluded that the best option was for these Companies to be placed into administration and subsequently, on 11 March 2020 filed notices of appointment of administrators in accordance with paragraph 14 of Schedule B1 to the Insolvency Act 1986 (as amended).