

Guernsey Office
Lefebvre House
Lefebvre Street
St Peter Port
Guernsey C.I.
GY1 3TF
T +44 (0) 1481 753400

Jersey Office
Kensington Chambers
46/50 Kensington Place
St Helier
Jersey C.I.
JE1 1ET
T +44 (0)1534 885885

www.grantthorntonci.com

THE GLANMORE PROPERTY FUND LIMITED (IN LIQUIDATION) (“THE COMPANY” OR “THE FUND”)

JOINT LIQUIDATORS’ ANNUAL REPORT TO THE SHAREHOLDERS

15 DECEMBER 2017

Contents	Page
1. Introduction	2
2. Disclaimer	2
3. Commencement of the liquidation	2
4. Assets and subsidiaries	3
5. Shareholder Distributions	4
6. Shareholder due diligence	5
7. Liquidators’ receipts and payments (“R&P”)	5
8. Liquidators’ fees and disbursements	5
9. Outcome for creditors	6
10. Unclaimed distributions	7
11. Next steps in the liquidation	6
12. AGM	7
13. Next report	7
14. Shareholder enquiries	7

Grant Thornton Limited

Registered in Jersey No. 98924. Registered Office: Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey, JE1 1ET

JR Toynton is licensed to act as an Insolvency Practitioner in the UK by the Association of Chartered Certified Accountants.

AJ Roberts is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales.

BA Rhodes is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales.

Directors and employees acting as Liquidators, Administrators or Administrative Receivers contract as agents and without personal liability.

“Grant Thornton” refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another’s acts or omissions.

1. Introduction

- 1.1. On 29 November 2016, a special resolution was passed by the shareholders to place the Company into Members' Voluntary Liquidation ("MVL"). James Robert Toynton ("JRT") and Benjamin Alexander Rhodes ("BAR") of Grant Thornton Limited, Lefebvre House, Lefebvre Street, St Peter Port, Guernsey GY1 3TF and Sean Kenneth Croston of Grant Thornton UK LLP, 30 Finsbury Square, London EC2A 1AG, were appointed as Joint Liquidators ("the Liquidators") for the purpose of such winding up.
- 1.2. The purpose of this report is to provide an update to the shareholders in respect of the first year of the liquidation and to give notice of the Annual General Meeting ("AGM") of the Company to be held on 13 February 2018. At the AGM, the Liquidators will declare the second distribution.
- 1.3. It is important that in receiving this report, you ensure it is immediately passed on to any underlying investors or shareholders in accordance with 'Treating Customers Fairly' obligations.

2. Disclaimer

- 2.1. This report should not be copied or disclosed to any third party or otherwise be quoted or referred to, in whole or in part, without the Liquidators' prior written consent. Should this report be used for any purpose other than informing creditors and/or shareholders of the Company, any such party uses the contents entirely at their own risk and shall have no right of recourse against the Liquidators, Grant Thornton Limited and/or Grant Thornton UK LLP (together "Grant Thornton"), their directors, employees, professional advisors or agents.
- 2.2. Any party who copies or discloses to any third party or otherwise quotes or refers to this report in whole or in part, without the Liquidators' prior written consent, may be the subject of action by the Liquidators to prevent the unlawful dissemination of information relating to the liquidation of the Company and/or the sanction of the Court.
- 2.3. None of the Liquidators, Grant Thornton, their directors, employees, professional advisors or agents accept any liability or assume any duty of care to any third party (whether it is an assignee or successor of another third party or otherwise) in respect of this report and any such party who receives a copy of this report, whether from Grant Thornton or any other source, shall have no right of recourse against Grant Thornton, their directors, employees, professional advisors or agents.
- 2.4. In preparing this report, the Liquidators have relied upon information in the possession of the Company at the time of their appointment, the statutory documentation and other information received during the course of the liquidation from parties in possession of information, documents, or records pertaining to the Company. The Liquidators have not performed an audit examination on this information.
- 2.5. The report has been prepared using Microsoft Word and Microsoft Excel. The report may contain minor rounding adjustments due to the use of computers for preparing certain calculations.

3. Commencement of the liquidation

- 3.1. The Liquidators were appointed over the Fund on 29 November 2016.
- 3.2. The majority of the Fund's subsidiaries and investments had been dissolved or struck off pre-liquidation, however, at liquidation the following entities remained:

- Glanmore Property Company Limited (“GPC”)
 - Glanmore Investments Limited (“GIL”)
 - Glanmore Stafford Limited (“Stafford”)
 - Broadway Unit Trust (“Broadway”)
(all together with the Fund “the Group”)
- 3.3. The Liquidators issued their first report to the shareholders at the end of March 2017. The report covered the period from 29 November 2016 to 15 March 2017 and provided further background on the work completed during the initial stages of the liquidation.

4. Assets and subsidiaries

- 4.1. At liquidation, the Liquidators secured the Company’s assets, being cash at bank held with The Royal Bank of Scotland International.
- 4.2. The Liquidators also communicated with the directors of both GIL and GPC and, the trustees of Broadway, to ensure that these subsidiaries operated separately from the Fund.

GPC

- 4.3. At the commencement of the liquidation of the Fund, GPC held the sole remaining property asset in the Group, namely Balliol House, Banbury Business Park, Banbury (“Banbury”).
- 4.4. The sale of Banbury was completed in May 2017 and GPC received the proceeds of £6.5m.
- 4.5. GPC was placed into liquidation on 6 July 2017 and JRT and BAR were appointed the Joint Liquidators (“Liquidators of GPC”).
- 4.6. The Liquidators of GPC will make a distribution to the creditors of GPC in due course, following which any surplus assets will be distributed to the Fund and the liquidation of GPC will be concluded.

GIL

- 4.7. At the commencement of the liquidation of the Fund, the sole outstanding matter in respect of GIL was re-registration of a lease on one of its previously owned properties.
- 4.8. GIL became the owner of a leasehold property, Flat 3, Riverside Walk, Port Talbot (“Port Talbot”) as part of its ownership of the Aberafan Shopping Centre, Port Talbot. The shopping centre was sold in September 2014, however, Port Talbot remained registered in GIL’s name. This was due to the buyer of the shopping centre not taking the assignment of the Port Talbot lease for reasons concerning registration of the leasehold interest.
- 4.9. Port Talbot was correctly re-registered in the new owner’s name in June 2017.
- 4.10. GIL was placed into liquidation on 6 July 2017 and JRT and BAR were appointed the Joint Liquidators (“Liquidators of GIL”).
- 4.11. The Liquidators of GIL will make a distribution to the creditors of GIL in due course, following which any surplus assets will be distributed to the Fund and the liquidation of GIL will be concluded.

Broadway

- 4.12. At the commencement of the liquidation of the Fund, the sole remaining matter in respect of Broadway was a potential VAT refund of £55.5k due following an error made on a historical VAT return.
- 4.13. The refund was received in April 2017.
- 4.14. In order to terminate and dissolve Broadway certain indemnities are required to be provided by the current trustee and the Fund to an old trustee. However, due to the Fund's liquidation, the Fund is no longer in a position to provide such indemnities.
- 4.15. The Fund's lawyers continue to deal with the old trustee to resolve this matter and Broadway will be terminated once this issue is resolved.

Stafford

- 4.16. Stafford was placed into liquidation on 30 December 2016. JRT and BAR were appointed the Joint Liquidators.
- 4.17. Other than the potentially repayable tenant deposits, Stafford had no assets and no liabilities at liquidation.
- 4.18. The liquidation of Stafford will be concluded in due course.

5. Shareholder distributions

- 5.1. The Net Asset Value ("NAV") as at 29 November 2016 was calculated at £42,865,992, being £2.82/share.
- 5.2. The Liquidators declared the first shareholder distribution of £2.38/share on 29 March 2017 ("the First Distribution").
- 5.3. The Liquidators plan to declare the second distribution of £0.46 per share at the AGM on 13 February 2018, increasing the total distribution to £2.82 per share paid to the shareholders to date.

De minimus

- 5.4. Please note that due to the cost of processing payments, the second distribution payment will be made to you only if you are entitled to receive more than £20. If your distribution is less than £20 you will not receive a payment. Your distribution will be paid to charity at the Liquidators' discretion.
- 5.5. If you are entitled to received less than £20, and object to your distribution being paid to charity, please contact the Liquidators before 26 January 2018.
- 5.6. The total amount of distributions falling under the proposed *de minimus* of £20 have been calculated at approximately £1,000.

Further distributions

- 5.7. It is anticipated that there may be a final distribution of residual funds at the conclusion of the liquidation. The Liquidators intend to set a *de minimus* of £20 at the final distribution, and will not make a payment to any shareholder due to receive less than £20. If you hold 606 shares or less, you are unlikely to receive a further payment as it is not anticipated that the final distribution will exceed £0.033 per share.

Tax and Capital losses

- 5.8. The Liquidators are unable to advise regarding the tax matters of any of the shareholders. However, the distributions paid to date may have tax consequences and should therefore be reflected in your tax return for the current fiscal year.
- 5.9. You may be able to claim capital losses regarding your investment and you are advised to contact a financial adviser should you require further assistance.

6. Shareholder due diligence

- 6.1. A distribution payment can only be made to a shareholder if up to date due diligence and bank account details are held in respect of a shareholder.
- 6.2. As no payments had been made to the shareholders for a number of years prior to the liquidation, the due diligence and other information has been out of date or missing in respect of many shareholders ("Non-compliant Shareholders"). As a result, the First Distribution payment could not be made to all of the shareholders on the share register.
- 6.3. The Non-compliant Shareholders were written to in March 2017 with a request to provide the outstanding information to the Company's Registrar, Northern Trust ("the Registrar").
- 6.4. Consequently, the payment of the First Distribution has been made in tranches, only once shareholder accounts have been fully compliant.
- 6.5. Unfortunately, a large number of shareholder accounts remain non-compliant and as at today approximately 23% of the First Distribution has not been paid out to the shareholders.
- 6.6. The process of dealing with shareholder compliance matters has been time-consuming and as a result significant costs have been incurred by both the Liquidators and the Registrar.

7. Liquidators' receipts and payments ("R&P")

- 7.1. The R&P summarises the transactions completed in the liquidation and represents a consolidated position of the Group. It is enclosed at **Appendix I**.

8. Liquidators' fees and disbursements

- 8.1. The Liquidators' time costs for the Group as at 15 December 2017 are set out at **Appendix II**, and include both pre and post appointment fees.
- 8.2. The Liquidators have endeavoured at all times to manage the Liquidation on a cost effective basis using staff at an appropriate level. However, due to the complexities of some of the matters arising in this liquidation, significant time has been incurred at Director and Senior Manager level.
- 8.3. Liquidation time costs incurred to date total £197,697, representing 795 hours at an average of £249 per hour.
- 8.4. Of this figure, £30,644 relates to pre-liquidation fees, of which £19,970 has been paid and £10,674 has been waived. £156,898 relates to post-liquidation fees of which £146,524 has been billed and paid as shown in the R&P, and £20,525 remains outstanding.

9. Outcome for creditors

- 9.1. There were no known preferential or secured creditors at the date of liquidation.
- 9.2. Total claims from unsecured trade creditors for the Fund and subsidiaries agreed and paid to date are as follows:
- 9.2.1. The Fund – £34,169
 - 9.2.2. GPC – £4,410
 - 9.2.3. GIL – £34,894
- 9.3. Based on the books of GIL and GPC there may be other creditors and full provisions have been made in GIL and GPC to cover such claims.
- 9.4. Other unsecured creditors comprised historical amounts due to tenants. Amounts of approximately £415k were recorded in the books of the Fund, GPC, GIL and Stafford representing historical balances due in various amounts to tenants, covering a period of some years.
- 9.5. The Liquidators wrote to all potential creditors regarding these historical amounts but have not received any material claims.

10. Next steps in the liquidation

Subsidiaries

- 10.1. The liquidation of GPC, GIL and Stafford will be concluded in due course.

Tax

- 10.2. The Fund, GPC and GIL are non-resident companies paying tax on income in the UK and are required to file an annual tax return for the year 2016/2017. The returns are currently being prepared and will be submitted to the HMRC shortly. These will be the final tax returns. It is not anticipated that any tax will be due given the amount of losses carried forward from the previous years.
- 10.3. All entities have been de-registered for VAT and all VAT has been paid by or refunded back to the entities.

Potential claim against former lender

- 10.4. The shareholders had previously been advised that the Fund's directors were investigating the possibility of pursuing a claim against the Fund's former lender in relation to certain actions taken by the lender to recover and enforce early repayment of loans advanced to it due to alleged defaults by the Fund.
- 10.5. Pre-liquidation, the directors of the Fund instructed lawyers to review the merits of a potential claim and to establish whether action was possible.
- 10.6. The Liquidators have reviewed the documents made available to them in relation to this matter, discussed this matter with the directors and consulted with the lawyers.
- 10.7. Following the advice received from the lawyers, the Liquidators concluded that it is unlikely that pursuit of such actions will result in a return to the Fund and do not propose to take this further.

Unclaimed distributions

- 10.8. On 29 November 2016, the shareholders approved a resolution which allows the Liquidators to pay to charity any distributions unclaimed for eighteen months from the date of the dissolution of the Fund.
- 10.9. However, as a high percentage of the funds available to the shareholders remains unclaimed as set out in Section 6, the Liquidators do not consider it appropriate to close the liquidation without making further attempts to obtain outstanding information from the Non-Compliant Shareholders. The Liquidators have obtained legal advice supporting this decision.
- 10.10. Any Non-Compliant Shareholders reading this report, are advised to contact the Registrar in order to establish what information they are required to provide in order to receive the First and Second Distribution payments. The Registrar will be unable to make payments before 30 March 2018.

11. AGM

- 11.1. The Liquidators are required to summon an AGM of the Company on the anniversary of the liquidation in accordance with Section 399 of The Companies (Guernsey) Law, 2008. The AGM will be held on 13 February 2018 and the notice has been circulated to the shareholders on 10 January 2018.

12. Next report

- 12.1. The Liquidators' next report to shareholders will be provided on or around the second anniversary of the liquidation, being 29 November 2018, or at the conclusion of the liquidation, whichever is the earliest.

13. Shareholder enquiries

- 13.1. NT continues to deal with shareholder enquiries. Should you have any further questions, please contact Glanmore_TA_Queries@ntrs.com or +44 148 174 5151.

Yours faithfully
for The Glanmore Property Fund Limited



J R Toynton
Joint Liquidator

Enclosures: Appendix I Joint Liquidators' Receipts & Payments and distribution calculation
 Appendix II Joint Liquidators' Time Cost Analysis