

30 July 2020

TO ALL MEMBERS

Our Ref: AS201CVA/JNRP/RA
HM/LL/WB/CVA0606P
Your Ref:
Contact: Louise Longley
DD: 0113 244 0044

Dear Sirs

ASHLEY HOUSE PLC. (“the Company”)

The directors of the Company are seeking the approval of the Company’s creditors and members to their proposal for a Company Voluntary Arrangement (“CVA”) pursuant to Part I of the Insolvency Act 1986.

Following a request from the directors, Bob Maxwell and I consented to act as Joint Nominees on 29 July 2020. Although prior to consenting to act as Nominees, we advised and assisted the directors with the preparation of the proposal and the Statement of Affairs, the contents of both remain their responsibility.

Once appointed as Nominees our duties are to the Company’s creditors and the court. Bob Maxwell and I are required to report to the court on the directors’ proposal and in particular to provide our opinion upon whether the proposal has a reasonable prospect of being approved and implemented and whether a decision of the creditors should be sought via a qualifying decision procedure (“Decision Procedure”) and a decision the Company’s members sought, so that they may consider whether or not to approve the proposal. Our report to court confirmed that we are of the view that the proposal has a reasonable prospect of being approved and implemented and therefore that a decision of the creditors should be sought and a decision of the members sought.

I have set out in Appendix 1 details of the stages of a CVA and the various roles that an Insolvency Practitioner will have during the process. Should you have any queries in relation to the procedure please contact William Baxter of my office who will be happy to clarify any aspect.

In light of the above, notice is hereby given that:

1. A copy of the proposal;
2. A copy of the Statement of Affairs; and
3. Our report and comments to the court on the proposal

are available for viewing and download at <https://nextranet.beggies-traynor.com>. The following Login Name and password will be required to view or download them:

Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
T: 0113 244 0044 F: 0113 244 5820 E: leeds@btguk.com W: www.beggies-traynor.com

Beggies Traynor is a trading name of Beggies Traynor (Central) LLP, a limited liability partnership, registered in England No: OC306540, registered office 340 Deansgate, Manchester, M3 4LY

Julian Pitts and Bob Maxwell are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

Any reference to a partner is to a member of the limited liability partnership. A list of partners is available for inspection at the registered office. A member of the Beggies Traynor Group; Specialist Professional Services www.beggies-traynorgroup.com

Partners, Directors, and Consultants acting as administrators or administrative receivers contract as agents and without personal liability.

[REDACTED]

For Login information, please
contact Begbies Traynor

A hard copy of the above documents will be provided upon request made to Louise Longley who can be contacted either by telephone on 0113 244 0044, by email at Louise.Longley@btguk.com or by post at Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ.

Meeting of members and voting

Please find enclosed with this letter:

- Formal notice of the decision of the members; and
- A voting form enabling you to vote on the decision.

Resolution to be voted on

The resolution to be voted on by the members is whether the directors' proposal be approved by the members.

Use of personal information

Please note that as part of our role, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If, as a shareholder of the Company, you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact me.

Please do not hesitate to contact me should you have any queries in relation to any aspect of the above.

Yours faithfully



J N R Pitts
Joint Nominee

Encs

Begbies Traynor is committed to ensuring that all persons entitled to participate in insolvency meetings have the opportunity to do so. Should you, therefore, require this information in a different format or have particular access requirements, please contact this office so that suitable arrangements can be made

Appendix 1

1. A CVA is a formal procedure under Part I of the Insolvency Act 1986 ("the Act"). The terms of the arrangement govern how the company's debts should be paid and in what proportions.
2. The Act requires a proposal for a CVA (which is made by a company's directors) to be approved by three quarters or more in value of creditors voting in a qualifying decision procedure ("Decision Procedure") for the purpose of considering the proposal. Any change to the proposal which is suggested by a creditor requires the same level of creditor approval, and in order to be incorporated into the CVA must be approved by the necessary majority of members (shareholders) of the company as well as creditors. Unless stated otherwise in the company's Articles of Association, the requisite majority for approval of the proposal at the members' meeting is more than one half in value of the members present in person or by proxy.
3. Once a CVA has been approved it will bind all creditors who were entitled to vote in the Decision Procedure, whether or not they participated in the Decision Procedure, and all creditors who would have been entitled to vote if they had had notice of the Decision Procedure.
4. It is not possible for a CVA to affect the rights of secured or preferential (generally employees) creditors without their specific consent.

Preparation of the proposal – we act as advisors to the directors

5. This is the first stage of the process which involves providing initial advice to the directors of the company on the various options available to them. Once the directors confirm their instructions to proceed with a CVA our assistance and advice is provided to complete the following further steps in this phase:
 - a. Preparation of a proposal for a CVA which will be delivered to the proposed Nominees for their consideration.
 - b. Preparation of a statement of the Company's assets and liabilities (known as the Statement of Affairs) which is also to be delivered to the Nominees for their consideration.
6. Please note that under the Insolvency Act 1986 it is the responsibility of the directors of a company to prepare the proposal to be considered by the creditors and members. Although they may receive professional help to do so it remains their responsibility to ensure that the contents of the proposal and statement of affairs are accurate and not misleading.
7. Once the contents of the proposal and Statement of Affairs have been agreed by the directors, they are submitted to the Nominees. The Nominees must agree to act as such. They do so by signing a consent to act form and returning it to the directors.

Acting as Nominees – our role changes and our duty is to the creditors and the court

8. Once the proposed Nominees have agreed to act, they prepare a report on the proposal. They are required to provide their opinion to the court on whether the proposed arrangement has a reasonable prospect of being approved and implemented, whether a meeting of members should

be called and a decision of creditors sought by a Decision Procedure to consider the proposal and if so, when and where the meeting of members will be held and the decision of creditors sought.

9. At this stage the duty of the Insolvency Practitioners acting as Nominees is to the creditors of the company and to the court. They are required to undertake an independent, objective review and assessment of the proposal for the purpose of reporting to the court. They have a duty to act independently irrespective of the extent of their involvement in the preparation of the proposal. The Nominees' duties cannot be fettered by the instructions of the directors or any third party.
10. At this stage we are obliged to:
 - a. Prepare the Nominees' report to the court in accordance with Section 2 of the Insolvency Act 1986 ("the Act").
 - b. Seek a decision of the Company's creditors and summon a meeting of members if the Nominees' opinion is that the proposed CVA has a reasonable prospect of being approved and implemented. The Nominees will prepare and circulate the relevant notices and resolutions/decisions relating to the same.
 - c. Act as chair at the meeting of members and at any adjournment of the meeting and notify the court and creditors of any adjournment (see below for further details).
 - d. Act as convener of the Decision Procedure (or where a decision is sought via a virtual meeting or at a physical creditors' meeting where a physical meeting is convened as a result of any of the prescribed thresholds for a physical meeting being met, act as chair of such meeting).
 - e. Assist with obtaining sufficient support for the proposal and/or dealing with any proposed modifications.
 - f. Prepare a report to court following the meeting of members and decision of creditors and file the same at court.
 - g. Prepare and send out notice of the result of the creditors' Decision Procedure and the meeting of members (unless notice has previously been given that the result will be made available on a website).
 - h. Send a copy of the report to the Registrar of Companies.
11. In a creditors' Decision Procedure, votes are calculated according to the amount of the creditor's debt at the date of the Decision (referred to as the 'Decision Date' in the Notice of Decision Procedure). Where the debt is for an unliquidated amount or the value of the debt is not ascertained it will be valued at £1 unless the convener of the decision (or chair in the case of a virtual meeting of physical meeting) agrees to put a higher value on it. The convener (or chair) does not need to take account of certain votes such as those where the creditor has not given written notice of its claim or where the claim or part of it is secured.

12. After taking the vote of all creditors, the convener (or chair) must look at the profile of the creditors that voted against the proposal. Where they include more than half in value of creditors that are not connected to the company, the resolution approving the proposal will be invalid. This ensures that a proposal is voted through by the general body of creditors and not by the votes of connected creditors.
13. The other purpose of the creditors' Decision Procedure is to appoint a Supervisor of the CVA who is usually, but not always, the same person as the Nominee, and also to appoint a Creditors' Committee, if felt appropriate.
14. Once the creditors have approved the proposal (together with any modifications), a members' meeting is then required to approve the outcome of the creditors' decision. Unless provided otherwise in the company's Articles of Association, a majority of more than one half in value of the members present in person or by proxy is required.
15. Once the creditors and members have approved the proposal, it is the responsibility of the Nominee to file a report in court within four business days detailing the outcome of the Decision Procedure and the members' meeting. If the CVA is approved a further copy of the report will be filed at Companies House. Notice of the result of the meeting will be circulated to all creditors (unless notice has previously been given that the result will be made available on a website).

Supervisors – our role changes again and is governed by the terms of the CVA

16. The CVA is treated as being approved on the day that the proposal is approved by a decision of creditors (notwithstanding that the members' decision will be made following the creditors' decision).
17. The CVA binds every creditor that was entitled to vote in the Decision Procedure whether or not he participated in it and every creditor that would have been entitled to vote in the Decision Procedure if he had had notice of it.
18. At this stage we are required to administer the CVA in accordance with the approved terms of the proposal, Standard Conditions and any modifications that were agreed.
19. The Supervisors' responsibilities and powers are governed by the terms of the CVA. Their duties are set out within the proposal and cover the following:-
 - a. Collecting contributions from the company and/or realising the assets in the CVA;
 - b. Reporting to creditors on a yearly basis;
 - c. Agreeing creditors' claims;
 - d. Paying dividends to creditors in accordance with the proposal; and
 - e. Dealing with any breach of the CVA.
20. If the company does not comply with the terms of the CVA and there are grounds to do so, the Supervisors have the ability to issue a notice of breach. In these circumstances the company will be

given a short time to rectify the breach failing which the arrangement will be terminated and the Supervisors will take the views of creditors on how to proceed. Alternatively, where the Supervisors do not consider that the company will be able to rectify the breach they may be able to move straight to termination of the arrangement.

21. If the CVA is concluded successfully the Supervisors will issue a Certificate of Compliance and their appointment comes to an end.