Form 1.1 (Scot)

Rule 1.17/1.45

The Insolvency Act 1986

Notice to Registrar of Companies of Voluntary Arrangement Taking Effect

Pursuant to section 4 of, or paragraph 30 of Schedule A1 to, the Insolvency Act 1986

S. 4/ Para 30 Sch A1

For Official Use

Company number

SC021928

To the Registrar of Companies

Name of company

(a) Insert full name of company

(a) House of Fraser Limited

(b) Insert full name and address

(c) Delete as applicable

(d) Insert date

I (b) William James Wright
KPMG LLP, 15 Canada Square, London E14 5GL

the chairman of meetings held in pursuance of [section 4 of] [paragraph 30 of Schedule A1 to](c) the Insolvency Act 1986 on (d) 22 June 2018 enclose a copy of my report of the said meetings.

Signed

Date 28 June 2018

Presenter's name, address and reference (if any):

For Official Use

Liquidation Section	Post Room

THURSDAY

S79JDL2A

SCT 05/07/2018 #309

COMPANIES HOUSE

IN THE COURT OF SESSION

IN THE MATTER OF: HOUSE OF FRASER LIMITED (Registered Number: SC021928)

COMPANY VOLUNTARY ARRANGEMENT under Part 1 of the Insolvency Act 1986 (as amended)

CHAIRMAN'S REPORT

---

1. INTRODUCTION

1.1 THIS REPORT is made by William James Wright, licensed insolvency practitioner and partner in KPMG LLP, 15 Canada Square, Canary Wharf, London, E14 5GL (the 'Chairman') (together with Robert Andrew Croxen and before the meetings were concluded 'the Joint Nominees'), and, following the meeting, one of the Joint Supervisors of the company voluntary arrangement of House of Fraser Limited (the 'Company'), pursuant to the provisions of Section 4 of the Insolvency Act 1986 (the 'Act') and Rule 1.17 of the Insolvency (Scotland) Rules 2016 (the 'Rules'). This is the Chairman's Report on the result of the Creditors' Meeting and the Shareholder's Meeting contemplated by such Section and Rule.

1.2 Any capitalised terms contained in this report not defined herein shall have the same meaning attributed to them in the proposal by the Company for a company voluntary arrangement under Part 1 of the Act issued on 6 June 2018 (the 'Proposal').

2. CREDITORS' MEETING

2.1 The Creditors' Meeting was convened to be held at De Vere Grand Connaught Rooms, 61-65 Great Queen Street, London WC2B 5DA at 10:00 a.m. on 22 June 2018.

2.2 The Chairman explained that this meeting was being held concurrently with a creditors' meeting proposed by House of Fraser (Stores) Limited (the 'Stores Creditors' Meeting') and that this was being done in the interests of efficiency and practicality. The Chairman proposed that he would address matters that were common to the Creditors' Meeting and the Stores Creditors' Meeting at the same time to avoid repetition and identify those matters that were relevant only to the Creditors' Meeting and those matters that were relevant only to the Stores Creditors' Meeting. The Chairman asked whether any of the attendees objected to this approach. There being no such objections, the Chairman proceeded accordingly.[1]

2.3 The Chairman briefly explained at the start of the Creditors' Meeting that the legislation which deals with company voluntary arrangements is contained in Part 1 of the Act.

---

[1] Please note that this Chairman's report is in relation to the Creditors' Meeting. A separate chairman's report has been prepared for the Stores Creditors' Meeting.

2.4 The Chairman noted that as convenor of the meeting and pursuant to Rule 1.14A he was Chairman thereof. The Chairman asked whether there was any objection to the notice of meeting and the Proposal, as despatched to creditors in accordance with the Rules, being taken as read and there was none.

2.5 The Chairman invited Alex Williamson, chief executive officer of the Company, to address the meeting in relation to the business of the Company and Mr Williamson did so. The Chairman also invited Frank Slevin, executive chairman of companies in the group (but, as the Chairman explained, not a director of the Company) to address the meeting in relation to the Transaction and Mr Slevin did so.

2.6 The Chairman informed the creditors that a letter dated 21 June 2018 clarifying and modifying certain matters in relation to the Proposal to correct or clarify manifest errors had been prepared by the Joint Nominees and acknowledged by the Company (the 'Clarification and Modification Letter'). The Chairman noted that the Clarification and Modification Letter had been placed on the web portals on 21 June 2018 for the attention of all creditors of the Company and had also been circulated to all Landlords on the same date. In addition, the Chairman arranged for paper copies of the Clarification and Modification Letter to be made available to attendees, who indicated they wished to receive one. The Chairman further informed the creditors that the Clarification and Modification Letter, among other clarifications and modifications, proposed a modification to allow for the guarantee of the Birmingham store lease to be compromised by the Proposal and for the Total Amount under Clause 17 (*The Guaranteed Lease Payments*) to be increased from £2.6 million to £4.45 million to ensure that returns to other Compromised Guarantee Holding Landlords were not reduced as a result of this modification. The Chairman asked whether there was any objection to the proposed clarifications and modifications set out in the Clarification and Modification Letter being taken as read and there was none.

2.7 The Chairman invited the attendees to ask questions of the Chairman, Mr Williamson, Mr Slevin, Colin Elliot, chief finance officer of the Company, Peter Hearsey, general counsel of the Company, Ken Baird and Ryan Beckwith of Freshfields Bruckhaus Deringer LLP ('Freshfields') and Claire Massie of Pinsent Masons LLP ('Pinsents'). Accordingly, there followed a question and answer session.

2.8 Following questions from the floor, the Chairman asked whether any creditor present or represented at the meeting wished to propose any modification to the Proposal. The following modifications were proposed to the Company:

(a) an increase (by an unspecified amount) to the "Category 3 Total Amount" under Clause 18 (*the Category 3 Lease Payments*);

(b) the Company should establish a trust arrangement for the benefit of the Category 3 Landlords in relation to payments of the "Category 3 Total Amount" under Clause 18 (*the Category 3 Lease Payments*);

(c) to amend the drafting of the payment mechanism of the Category 3 Lease Payment to ensure that notwithstanding the arrangement coming to an end, Category 3 Landlords would still be paid;

(d) in respect of the Category 2 Landlords, the removal of clauses providing a 5 year break and rent review; and

(e) Category 2 Landlords and/or the Category 3 Landlords (as applicable) should not bear costs when the Company is vacating a property subject to a Category 2 Lease or Category 3 Lease (as applicable),

(together, the 'Proposed Modifications').

2.9 In addition, a representative of a creditor purported to propose a modification to the Chairman's intended approach to the potential discount of 75% to the valuation of landlords' claims for voting purposes pursuant to paragraph 3 of Part 2 of the Proposal and the Chairman's discretion under rule 1.5(A)(3) of the Rules. The Chairman explained that this was not a proposed modification because the potential 75% discount was not a term of the Proposal but was rather an expression of an intended approach to the Chairman's exercise of his discretion, referring to paragraph 3 of Part 2 and Schedule 2 of the Proposal. The Chairman invited attendees to provide any evidence that they wished to submit in relation to a different approach toward the valuation of such claims and no such evidence was provided.

2.10 The Chairman asked the attendees if there were any objections to the Chairman taking a short break to properly consider the Proposed Modifications with the Board and the advisers to the Company. Having received no objections, the Chairman, the Board and the Company's advisers (being Freshfields, Pinsents, and Richard Fisher) and the Joint Nominees discussed the Proposed Modifications. Following that discussion, the Chairman, the Board and the Company's advisers returned to the meeting and responded to the attendees as follows:

(a) that after consideration and in light of reasons provided at the Creditors' Meeting, the Proposed Modifications were rejected;

(b) that in respect of the second of the Proposed Modifications, the Company undertook once the Transaction was concluded to consider in good faith and consult with other financial stakeholders whose consent might be needed whether such a trust mechanism might be put in place on a voluntary basis without any formal commitment to do so;

(c) in respect of the third of the Proposed Modifications, the Company did not consider this modification to be necessary and instead considered the request to be as a result of a misinterpretation of the drafting of the Proposal and the Act; and

(d) in respect of the fifth of the Proposed Modifications, the Company noted the concerns of Landlords regarding removal of signage and without any commitment on its part noted this as an issue to consider in its store closure plans.

2.11 The following resolutions were proposed.

(a) "**THAT** the proposed company voluntary arrangement be approved subject to the modifications set out in the Clarification and Modification Letter" ('Resolution (a)');

(b) "**THAT** any act to be done by the supervisors in connection with the arrangement may be done by all or any one or more of them" ('Resolution (b)'); and

(c) "**THAT** the basis of the Supervisors' remuneration be approved, in accordance with Clause 27 of Part 3 (page 49) of the CVA Proposal" ('Resolution (c)'),

(together, the 'Creditors' Resolutions').

2.12 A vote was then taken on the Creditors' Resolutions. Set out in Appendices 1 to 4 are summaries and lists of the creditors (with their respective values), showing how they voted on the Creditors' Resolutions.

2.13 It was noted that Resolutions (a), (b) and (c) were to be regarded as passed if (1) voted for by a majority of three-quarters or more in value of the creditors present in person or by proxy and voting on the Creditors' Resolutions and (2) less than 50% in value of unconnected creditors who had notice of the meeting (and whose votes were not left out of account by the Chairman) voted against the Resolutions. Having regard (inter alia) to the provisions of Rule 1.16A, the Chairman confirmed that the Creditors' Resolutions were passed.

2.14 Accordingly, the Proposal was approved by the creditors without further modification apart from the modifications set out in the Clarification and Modification Letter.

3. SHAREHOLDER'S MEETING

3.1 The Shareholder's Meeting was convened to be held at De Vere Grand Connaught Rooms, 61-65 Great Queen Street, London WC2B 5DA at midday on 22 June 2018. Due to the overrunning of the Creditors' Meeting until 1.50pm, the Chairman confirmed that there was no objection to the Shareholder's Meeting continuing at this time.

3.2 The Chairman noted that the legislation which deals with company voluntary arrangements was contained in Part 1 of the Act.

3.3 The Chairman noted that as convenor of the meeting and pursuant to Rule 1.14A he was Chairman thereof. The Chairman asked whether there was any objection to the notice of meeting and the Proposal, as despatched to the Shareholder in accordance with the Rules, being taken as read and there was none.

3.4 The Chairman informed the Shareholder about the Clarification and Modification Letter. The main points of the Clarification and Modification Letter were outlined to the Shareholder at the meeting.

3.5 The Chairman then asked whether the Shareholder (or any other person entitled to do so) present or represented at the meeting wished to propose any modification to the Proposal. The Shareholder did not do so.

3.6 The following resolution was then proposed:

(a) "**THAT** the proposed company voluntary arrangement be approved subject to the modifications set out in the Clarification and Modification Letter" (the 'Shareholder's Resolution (d)').

3.7 A vote was then taken on Shareholder's Resolution (d). Set out in Appendix 5 to this report shows how the Shareholder voted on Shareholder's Resolution (d).

3.8 It was noted that Shareholder's Resolution (d) was to be regarded as passed if voted for by more than one-half in value (determined by reference to the number of votes conferred on each shareholder by the Company's Articles of Association) of the shareholders present in person or by proxy and voting on Shareholder's Resolution (d). Having regard (inter alia) to the provisions of Rule 1.16B, the Chairman declared Shareholder's Resolution (d) passed.

3.9 Accordingly, the Proposal was approved by the Shareholder of the Company without further modification apart from the modifications set out in the Clarification and Modification Letter.

4. EU REGULATION ON INSOLVENCY PROCEEDINGS (RECAST)

4.1 In the opinion of the Joint Supervisors, given that the Company's registered office is located in Scotland, this is where the Company conducts the administration of its interests in a way that is ascertainable by third parties and, in the absence of evidence to the contrary, the Company's centre of main interests is in Scotland. Accordingly, the EU Regulation on Insolvency Proceedings (Recast) (Regulation (EU) no.2015/848) applies to the company voluntary arrangement and these proceedings are main proceedings as defined by Article 3 of that regulation.

5. OTHER RELEVANT INFORMATION

5.1 Notice of the results of the Creditors' Meeting and the Shareholder's Meeting will be sent to all creditors and members who received notice of the meetings.

Signed Dated 25 June 2018

William James Wright

Chairman of the Creditors' Meeting and the Shareholder's Meeting

House of Fraser Limited – under a Company Voluntary Arrangement

Appendix 1

Details of voting on the Creditors' Resolutions

Voting in respect of Resolution (a), "*that the proposed company voluntary arrangement be approved subject to the modifications set out in the Clarification and Modification Letter*":

	£	% of voting creditors
For Resolution (a):		
Creditors listed in Appendix 2	233,527,981.28	81.51%
Against Resolution (a):		
Creditors listed in Appendix 3	52,963,995.75	18.49%
Abstained from voting on Resolution (a): Creditors listed in Appendix 4	-	0%
	286,491,977.03	

The above figures include voting by connected creditors. The table below summaries the voting position excluding connected creditors

	£	% of voting creditors
For Resolution (a):		
Creditors listed in Appendix 2	68,728,063.26	56.48%
Against Resolution (a):		
Creditors listed in Appendix 3	52,963,995.75	43.52%
Abstained from voting on Resolution (a): Creditors listed in Appendix 4	-	0%
	121,692,059.01	

Voting in respect of Resolution (b), "*That any act to be done by the supervisors in connection with the arrangement may be done by all or any one or more of them*":

	£	% of voting creditors
For Resolution (b):		
Creditors listed in Appendix 2	233,527,981.28	81.51%
Against Resolution (b):		
Creditors listed in Appendix 3	52,963,995.75	18.49%
Abstained from voting on Resolution (b): Creditors listed in Appendix 4	-	0%
	286,491,977.03	

The above figures include voting by connected creditor(s). The table below summaries the voting position excluding the connected creditor(s)

	£	% of voting creditors
For Resolution (b):		
Creditors listed in Appendix 2	68,728,063.26	56.48%
Against Resolution (b):		
Creditors listed in Appendix 3	52,963,995.75	43.52%
Abstained from voting on Resolution (c): Creditors listed in Appendix 4	-	0%
	121,692,059.01	

Voting in respect of Resolution (c), "*that the basis of the Supervisors' remuneration be approved, in accordance with Clause 27 of Part 3 (page 49) of the CVA Proposal*":

	£	% of voting creditors
For Resolution (c):		
Creditors listed in Appendix 2	228,968,067.28	82.49%
Against Resolution (c):		
Creditors listed in Appendix 3	48,596,689.75	17.51%
Abstained from voting on Resolution (c): Creditors listed in Appendix 4	-	0%
	277,564,757.03	

The above figures include voting by connected creditor(s). The table below summaries the voting position excluding the connected creditor(s)

	£	% of voting creditors
For Resolution (c):		
Creditors listed in Appendix 2	64,168,149.26	56.90%
Against Resolution (c):		
Creditors listed in Appendix 3	48,596,689.75	43.10%
Abstained from voting on Resolution (c): Creditors listed in Appendix 4	-	0%
	112,764,839.01	

NB: Proxy votes only counted if proxy holder and proxy direction were specifically stated

House of Fraser Limited – under a Company Voluntary Arrangement

Appendix 2

List of creditors voting "for" Resolution (a)

Connected Creditors

House of Fraser (UK & Ireland) Acquisitions Limited	44,604,343.87
House of Fraser (Storecard) Limited	58,428,375.00
House of Fraser (Stores) Limited	42,967,199.15
Pension Trust Guarantee	18,800,000.00
Sub-total	**164,799,918.02**

Unconnected Creditors

Canada Life	7,097,732.00
Sirosa / Publica Properties	24,494,658.00
Eddisons Commerical Limited (In place of Orbit property management)	10,777,423.00
15.08.2017 Ltd	5,697,718.35
CBREi	867,285.91
Intu	2,527,923.00
Glasgow City Council (as administering authority for Strathclyde Pension Fund)	5,548,495.00
Surrey Heath Borough Council	2,885,447.00
Aberdeen Asset Standard Life	3,390,807.00
Danish UK Property Management	1,169,107.00
Hammerson	4,271,467.00
Sub-total	**68,728,063.26**
Total	**233,527,981.28**

List of creditors voting "for" Resolution (b)

Connected Creditors	Voting value (£)
House of Fraser (UK & Ireland) Acquisitions Limited	44,604,343.87
House of Fraser (Storecard) Limited	58,428,375.00
House of Fraser (Stores) Limited	42,967,199.15
Pension Trustee Guarantee	18,800,000.00
Sub-total	**164,799,918.02**

Unconnected Creditors	Voting value (£)
Canada Life	7,097,732.00
Sirosa / Publica Properties	24,494,658.00
Eddisons Commerical Limited (In place of Orbit property management)	10,777,423.00
15.08.2017 Ltd	5,697,718.35
CBREi	867,285.91
Intu	2,527,923.00
Glasgow City Council (as administering authority for Strathclyde Pension Fund)	5,548,495.00
Surrey Heath Borough Council	2,885,447.00
Aberdeen Asset Standard Life	3,390,807.00
Danish UK Property Management	1,169,107.00
Hammerson	4,271,467.00
Sub-total	**68,728,063.26**
Total	**233,527,981.28**

List of creditors voting "for" Resolution (c)

Connected Creditors	**Voting value (£)**
House of Fraser (UK & Ireland) Acquisitions Limited	44,604,343.87
House of Fraser (Storecard) Limited	58,428,375.00
House of Fraser (Stores) Limited	42,967,199.15
Pension Trust Guarantee	18,800,000.00
Sub-total	**164,799,918.02**

Unconnected Creditors	**Voting value (£)**
Canada Life	7,097,732.00
Sirosa / Publica Properties	24,494,658.00
Eddisons Commerical Limited (In place of Orbit property management)	10,777,423.00
15.08.2017 Ltd	5,697,718.35
CBREi	867,285.91
Intu	2,527,923.00
Glasgow City Council (as administering authority for Strathclyde Pension Fund)	5,548,495.00
Surrey Heath Borough Council	2,885,447.00
Hammerson	4,271,467.00
Sub-total	**64,168,149.26**
Total	**228,968,067.28**

House of Fraser Limited – under a Company Voluntary Arrangement

Appendix 3

List of creditors voting "against" Resolution (a)

Connected Creditors	**Voting value (£)**
Sub-total	-

Unconnected Creditors	**Voting value (£)**
Snowdown Limited	3,287,322.00
Wallace Properties Limited	6,984,604.00
British Land	4,774,868.00
Henderson (Bunkuwait Nom & Gravitas Holdings)	2,828,747.00
Rockspring	2,724,208.00
Redfine Paragon Square Hull Limited	4,718,546.00
Aberdeen Asset Standard Life	4,367,306.00
AA Duncan & H Lehrer	51,804.00
Rockspring	1,627,982.00
Autumn Properties Ltd	698,399.00
K/S Victoria St	6,620,834.62
Danish UK Property Management	1,420,423.20
Danish UK Property Management	728,151.93
Legal and General Assurance (Pensions Management) Limited	12,130,800.00
Sub-total	**52,963,995.75**
Total	**52,963,995.75**

List of creditors voting "against" Resolution (b)

Connected Creditors	**Voting value (£)**
Sub-total	-

Unconnected Creditors	**Voting value (£)**
Snowdown Limited	3,287,322.00
Wallace Properties Limited	6,984,604.00
British Land	4,774,868.00
Henderson (Bunkuwait Nom & Gravitas Holdings)	2,828,747.00
Rockspring	2,724,208.00
Redfine Paragon Square Hull Limited	4,718,546.00
Aberdeen Asset Standard Life	4,367,306.00
AA Duncan & H Lehrer	51,804.00
Rockspring	1,627,982.00
Autumn Properties Ltd	698,399.00
K/S Victoria St	6,620,834.62
Danish UK Property Management	1,420,423.20
Danish UK Property Management	728,151.93
Legal and General Assurance (Pensions Management) Limited	12,130,800.00
Sub-total	**52,963,995.75**
Total	**52,963,995.75**

List of creditors voting "against" Resolution (c)

Connected Creditors	**Voting value (£)**
Sub-total	-

Unconnected Creditors	**Voting value (£)**
Snowdown Limited	3,287,322.00
Wallace Properties Limited	6,984,604.00
British Land	4,774,868.00
Henderson (Bunkuwait Nom & Gravitas Holdings)	2,828,747.00
Rockspring	2,724,208.00
Redfine Paragon Square Hull Limited	4,718,546.00
AA Duncan & H Lehrer	51,804.00
Rockspring	1,627,982.00
Autumn Properties Ltd	698,399.00
K/S Victoria St	6,620,834.62
Danish UK Property Management	1,420,423.20
Danish UK Property Management	728,151.93
Legal and General Assurance (Pensions Management) Limited	12,130,800.00
Sub-total	**48,596,689.75**
Total	**48,596,689.75**

House of Fraser Limited – under a Company Voluntary Arrangement

Appendix 4

List of creditors voting "abstaining" from voting either for or against Resolution (a)

Unconnected Creditors	**Voting value (£)**
Total	-

List of creditors voting "abstaining" from voting either for or against Resolution (b)

Unconnected Creditors	**Voting value (£)**
Total	-

List of creditors voting "abstaining" from voting either for or against Resolution (c)

Unconnected Creditors	**Voting value (£)**
Total	-

House of Fraser Limited – under a Company Voluntary Arrangement

Appendix 5

Details of shareholders present or represented and voting "for" Resolution (d):

Shareholders	**Shareholding value (£)**
House of Fraser (UK and Ireland) Acquisitions Limited	67,603,397.80
Total	67,603,397.80

Details of shareholders present or represented and voting "against" Resolution (d):

Shareholders	**Shareholding value (£)**
	-
Total	-

Details of shareholders present or represented and "abstaining" from voting either for or against Resolution (d):

Shareholders	**Shareholding value (£)**
	-
Total	-