

# AM06 (Scot)

## Notice of approval of administrator's proposals



Companies House

For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

### 1 Company details

Company number S C 0 6 2 8 8 6

Company name in full Stewart Milne Homes (Auchterarder) Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals

### 2 Court details

Court name In Court of Session, Edinburgh

Court number P 7 2 0 2 4

### 3 Administrator's name

Full forename(s) Adele

Surname MacLeod

### 4 Administrator's address

Building name/number The Colmore Building

Street 20 Colmore Circus Queensway

Post town Birmingham

County/Region


Postcode B 4 6 A T

Country



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Notice of approval of administrator's proposals

<b>5</b>	Administrator's name ①																		
Full forename(s)	Matthew David		① Other administrator Use this section to tell us about another administrator.																
Surname	Smith																		
<b>6</b>	Administrator's address ②																		
Building name/number	The Colmore Building		② Other administrator Use this section to tell us about another administrator.																
Street	20 Colmore Circus Queensway																		
Post town	Birmingham																		
County/Region																			
Postcode	B 4 6 A T																		
Country																			
<b>7</b>	Date administrator(s) appointed																		
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Administrator's signature	Signature X  X																		
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Notice of approval of administrator's proposals



## Presenter information

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 **Jeevy Gakhal**

Company name **Teneo Financial Advisory Ltd**

Address **The Colmore Building**  
**20 Colmore Circus Queensway**

Post town **Birmingham**

County/Region

Postcode **B 4 6 A T**

Country

DX

Telephone **+44 121 619 0120**



## Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have signed and dated the form.



## Important information

All information on this form will appear on the public record.



## Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.  
DX ED235 Edinburgh.



## Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)





The Global CEO Advisory Firm

Registered Office: c/o Teneo Financial Advisory Limited  
66 Hanover Street  
Edinburgh  
EH2 1EL

**Stewart Milne Group Limited (“SMGL”)  
Stewart Milne Homes Central Scotland Limited (“SMHCS Ltd”)  
Stewart Milne Homes Central Scotland (Developments) Limited (“SMHCS (Dev.) Ltd”)  
Stewart Milne Homes (Arbroath) Limited (“SMH (Arbroath) Ltd”)  
Stewart Milne Homes (Auchterarder) Limited (“SMH (Auchterarder) Ltd”)  
Stewart Milne Homes (Kirkton) Limited (“SMH (Kirkton) Ltd”)  
(all in Administration) (“the Companies”)**

**JOINT ADMINISTRATORS’ STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE  
INSOLVENCY ACT 1986 (AS AMENDED) (“the Act”).**

Adele Macleod, Gavin George Scott Park and Matthew David Smith were appointed Joint Administrators of Stewart Milne Group Limited on 8 January 2024. On the same date, Adele Macleod and Matthew David Smith were also appointed Joint Administrators of Stewart Milne Homes Central Scotland Limited, Stewart Milne Homes Central Scotland (Developments) Limited, Stewart Milne Homes (Arbroath) Limited, Stewart Milne Homes (Auchterarder) Limited and Stewart Milne Homes (Kirkton) Limited. All appointments were made by the directors of the Companies. The affairs, business and property of the Companies are managed by their respective Joint Administrators. The Joint Administrators act as agents of the Companies and contract without **personal liability**. **All licensed Insolvency Practitioners of Teneo Financial Advisory Limited (“Teneo”) are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.**

**For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), (“the Act”), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers jointly and severally in respect of each of the administration appointments.**

21 February 2024





The Global CEO Advisory Firm

Teneo Financial Advisory Limited  
66 Hanover Street  
Edinburgh  
EH2 1EL  
Tel: +44 (0)121 619 0120  
[www.teneo.com/service/restructuring](http://www.teneo.com/service/restructuring)

This Statement of Joint Administrators' Proposals ("the Proposals" or "our Proposals") has been prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires that we, as the Joint Administrators, provide creditors with details of our Proposals to achieve the purpose of the administrations.

Based on current information, we do not think that the Companies (excluding SMGL and SMHCS Ltd) have sufficient property to enable a distribution to be made to unsecured creditors; we do not think that SMGL and SMHCS Ltd have sufficient property to enable a distribution to be made to unsecured creditors other than the possibility of a distribution under the prescribed part provisions pursuant to section 176A of the Act, ("the Prescribed Part"). As such we are not required to ask creditors to approve our Proposals unless requested to do so by creditors whose total debts amount to at least 10% of the total debts of the relevant company in administration. If you would like to ask us to hold a decision procedure to consider our Proposals please complete a Form for Requisitioned Decisions which is available for download from the websites set up for each of the administrations at [www.ips-docs.com](http://www.ips-docs.com) and return it to us by post or email no later than 6 March 2024. Please note that a deposit of £1,000 will be required towards the costs of initiating the decision procedure per Company; such deposit may be refunded as an expense of these proceedings under Rule 5.18 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administrations) Rules 2018, ("the Rules"), if so decided by creditors. In the event that a request for a decision procedure is not received by us within the above deadline, our Proposals will be deemed approved 6 March 2024 and a notice to that effect will be filed at Companies House.

Please refer to the Frequently Asked Questions section on the relevant case website for more information about decision procedures in insolvency proceedings.

Please also note that hard copies of any of these documents will be provided free of charge on request.

We have also included the following information in this report:

- background of the Companies;
- the circumstances giving rise to the appointment of the Joint Administrators;
- the progress of the administrations to date; and,
- the Joint Administrators' Proposals for achieving the objective of the administrations (Appendix E).








Yours faithfully

For and on behalf of the Companies

A handwritten signature in black ink, appearing to read 'A. Macleod'.

Adele Macleod  
Joint Administrator

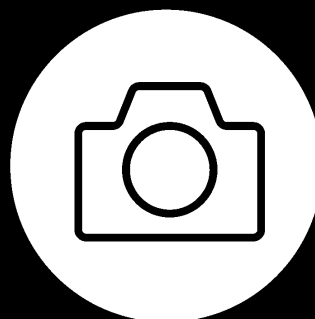


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## Key messages





Key messages

Joint Administrators of the Companies

Adele Macleod  
Matthew David Smith  
Gavin George Scott Park  
Teneo Financial Advisory Limited  
66 Hanover Street  
Edinburgh  
EH2 1EL

Contact details

Email: [SMGeneral@teneo.com](mailto:SMGeneral@teneo.com)  
[www.ips-docs.com](http://www.ips-docs.com)  
Tel: 0121 619 0120  
Date Proposals sent to creditors:  
21 February 2024

	Commentary
Purpose of the administrations	<ul style="list-style-type: none"><li>• The purpose of the administrations is to achieve a better result for the creditors of each of the Companies as a whole than would be obtained through liquidation.</li></ul>
Joint Administrators' strategy	<ul style="list-style-type: none"><li>• The Joint Administrators continuing to build out the Companies' partially completed development sites was not considered a practical possibility post-appointment, due to:<ul style="list-style-type: none"><li>– the limited funding available to the Joint Administrators; and</li><li>– the Joint Administrators' inability to provide warranties on homes or certainty of title to prospective house buyers, restricting buyers' ability to obtain mortgages.</li></ul></li><li>• Therefore, continued construction was not considered to be in the best interests of the Companies' creditors as a whole and trading ceased immediately upon the Joint Administrators' appointment on 8 January 2024.</li><li>• We are exploring options available to realise value from:<ul style="list-style-type: none"><li>– partially completed development sites;</li><li>– strategic land options;</li><li>– non-operational land;</li><li>– Part-Exchange ("PX") properties; and</li><li>– other assets, detailed on page 16.</li></ul></li><li>• Joint Administrators from BDO LLP ("BDO") were appointed over Stewart Milne Homes North West England (Developments) Limited (in Administration) ("SMHNWE (Dev.)"), another entity within the wider corporate group on 12 January 2024. A Funding and Services Agreement ("FSA") is being negotiated with the Joint Administrators of SMHNWE (Dev.) to recharge the cost of shared services incurred by the Companies on behalf of this entity, such as payroll costs and IT services.</li><li>• Further details in respect of the Joint Administrators' strategy can be found on pages 14 to 18.</li></ul>
Approval of the Proposals	<ul style="list-style-type: none"><li>• As there is no prospect of any funds being returned to unsecured creditors (other than the possibility of a distribution by way of the Prescribed Part ("PP") in the case of SMGL and SMHCS Ltd.), our Proposals will be deemed approved by creditors unless a decision procedure is requested under Rule 5.17. Please refer to Appendix E for further details.</li></ul>
Estimated Timescale	<ul style="list-style-type: none"><li>• On current information it is expected that extensions may be needed in order to agree unsecured claims and pay PP distributions in SMGL and SMHCS (in the event that floating charge asset realisations in these entities are sufficient to enable a PP distribution). The duration of the SMHCS (Dev.) Ltd, SMH (Arbroath) Ltd, SMH (Auchterarder) Ltd and SMH (Kirkton) Ltd administrations is not currently considered likely to exceed 12 months at this stage, however updates will be provided in future reports to creditors.</li></ul>





Key messages  
(continued)

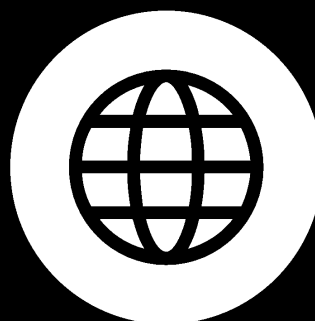
	Commentary
Estimated Costs	<ul style="list-style-type: none"><li>• Please note all fees, costs and expenses, unless otherwise stated, are reported net of VAT.</li><li>• We propose to seek approval to charge our fees on the following basis:<ul style="list-style-type: none"><li>– By reference to our time costs.</li></ul></li><li>• We have provided details of our applicable charge out rates and time costs incurred to date at Appendix D.</li><li>• We anticipate that we will incur expenses, including disbursements, over the duration of each appointment, as detailed by company on page 26 and Appendix D1.</li><li>• The level of third-party expenses which will be incurred by the Companies over the duration of each appointment cannot be reliably estimated at this stage as these will be dependent on the level of asset realisations achieved and any complexities involved in realising assets which cannot be anticipated in advance.</li></ul>
Estimated Outcomes	<ul style="list-style-type: none"><li>• At this stage, in advance of the conclusion of asset sales processes, we are not able to accurately estimate the outcome for each category of the Companies' creditors.</li><li>• Updates will be provided in future reports to creditors, as our asset realisation strategies are progressed.</li><li>• Directionally, the Directors' Statements of Affairs, which we have not independently verified, indicate the following potential outcome for each category of creditor (applicable to all Companies, any differences between outcomes reflected in the Statement of Affairs for specific entities is noted below):<ul style="list-style-type: none"><li>– Secured creditors – The secured creditors will not be repaid in full.</li><li>– Preferential creditors (only in SMGL) – There may be sufficient floating charge realisations to enable a payment of preferential claims.</li><li>– Secondary Preferential creditor – There may be sufficient floating charge realisations to enable a payment of HMRC's secondary preferential claims</li><li>– Unsecured creditors – It is unlikely that there will be a distribution for unsecured creditors, other than the possibility of a distribution under the PP in respect of SMGL and SMHCS Ltd only.</li></ul></li><li>• Please see page 20 for further details on all estimated outcomes for all classes of creditor in each of the Companies.</li></ul>
Proposals	<ul style="list-style-type: none"><li>• Our Proposals for managing the business and affairs of the Companies can be found on page 19.</li></ul>





## Background

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Background  
Background and  
ownership



Background

The Companies traded as Stewart Milne Homes, a Scottish head-quartered independent housebuilder. The Companies are part of a larger corporate group which includes certain other holding companies and dormant companies (together “the Group”). The Group was first established in 1975 when SMGL was incorporated.

The Group’s head office was located in Aberdeen, with regional offices in Glasgow, Edinburgh and Manchester. The offices were leased, with the exception of the Manchester office which is owned by Stewart Milne Homes North West England Ltd (“SMHNWE”).

Upon our appointment, the Group had 10 partially completed residential developments in Scotland, with the underlying land assets owned by the Companies as follows:

- SMGL
  - Dunnotar Park, Stonehaven
  - Charleston, Cove
  - Brackenhill Park, Hamilton
- SMHCS Ltd
  - Dargavel Village, Bishopton
  - Letham Mains, Haddington
  - Castle Gardens, Pencaitland
- SMHCS (Dev.) Ltd
  - Shawfair, Danderhall
  - The Orchard, East Linton
- SMH (Arbroath) Ltd
  - Monarchs Rise, Arbroath

(note: legal title for this site is held by SMH (Arbroath) Ltd but the site is included in the SMH (Auchterarder) Ltd *Directors’ Statement of Affairs.*)
- SMH (Auchterarder) Ltd
  - *Hunter’s Meadow (Phases 3-5), Auchterarder*

Upon our appointment, SMGL owned 13 non-operational land sites and 42 contractual options to purchase land, with SMHCS Ltd also owning three strategic land options.

Employees

At the date of our appointment, the Group had 329 employees, all of which were employed by SMGL.

Directors and shareholders

As at 8 January 2024, the Directors of SMGL were Stewart Milne, Robert Fraser Pearson Park, Martyn John Everett, Clive Fenton, Stuart Alastair MacGregor and Gerald Campbell More (“SMGL Directors”).

The directors of SMHCS Ltd, SMHCS (Dev.) Ltd, SMH (Arbroath) Ltd, SMH (Auchterarder) Ltd and SMH (Kirkton) Ltd were Stewart Milne, Robert Fraser Pearson Park, Stuart Alastair MacGregor and Gerald Campbell More (“Directors”).

Stewart Milne owns a 77% share of Stewart Milne Group Holdings Limited (“SMGHL”) (which is not subject to an insolvency process), which in turn owns 100% of SMGL.

Prior to the Joint Administrators’ appointment Stewart Milne’s SMGHL shares were transferred to HSDL Nominees Limited, a subsidiary of Bank of Scotland Plc (“BoS”), pursuant to a share security entered into by Stewart Milne in favour of BoS. Stewart Milne continues to hold a 77% interest in SMGHL, subject to the security in favour of BoS, which has been implemented through HSDL Nominees Limited holding Stewart Milne’s shares.

The secretary of the Companies was Robert Fraser Pearson Park.

SMHNWE

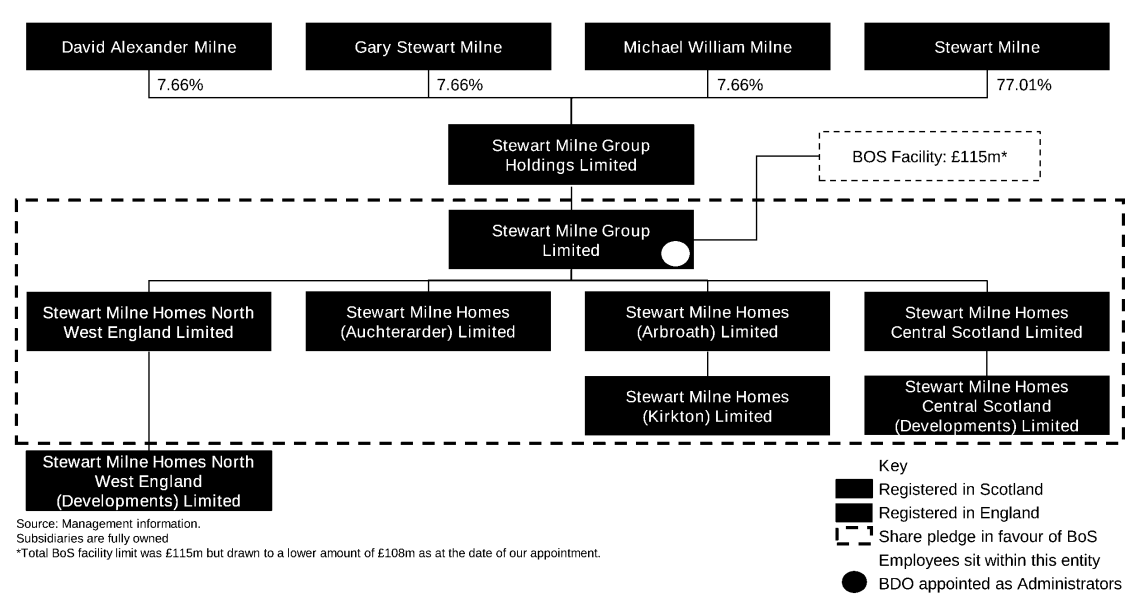
The Joint Administrators were also appointed as Administrators of SMHNWE on 8 January 2024. SMHNWE is an English registered Group company, wholly owned by SMGL. Separate proposals have been prepared with respect to this entity.

SMHNWE has a wholly owned subsidiary, Stewart Milne Homes SMHNWE (Dev.) which holds four partially completed construction developments located in Northwest England.

SMHNWE (Dev.) entered administration on 12 January 2024 and William Matthew Humphries Tait and Kiri Holland of BDO were appointed Joint Administrators. As such, our Proposals do not cover this entity.



Background  
Group structure



Summarised Group Structure Chart

A summarised Group structure chart at the date of our appointment is set out above. For presentational purposes this excludes a number of Group companies which are not in administration, including a number of dormant entities and holding companies.

Prior to our appointment, the Group operated as three distinct trading divisions, split by geography as follows;

- Stewart Milne Homes North Scotland;
- Stewart Mile Homes Central Scotland; and
- Stewart Milne Homes North West England.

Administration appointments have been made over each key trading entity within the Group (the Companies, SNHWE and SMHNWE (Dev.) (where Joint Administrators from BDO were appointed, as detailed on the previous page)).

The Group is funded by a term loan and a working capital facility totalling £115m\*, provided by BoS. BoS has a share pledge over the Companies. Please see page 20 for more detail on BoS's security position.





Background  
Summary financials

SMGL consolidated  
summary financials



Consolidated summary Profit and Loss			
£000s	Draft Accounts for 12 months to 31 October 2023	Statutory Accounts for 12 months to 31 October 2022	Statutory Accounts for 12 months to 31 October 2021
Turnover	157,830	183,507	305,538
Cost of sales	(139,011)	(172,294)	(257,831)
Gross profit	18,819	11,213	47,707
Gross margin	12%	6%	16%
Administrative expenses	(23,031)	(26,574)	(37,513)
Other operating expenses	-	(25,106)	(5,981)
Other operating income	1,759	6,278	2,305
Operating (loss)/profit	(2,453)	(34,189)	6,518
Exceptional items	(9,579)	58,209	(1,677)
Net interest payable	(11,226)	(7,444)	(12,943)
(Loss)/profit before taxation	(23,258)	16,576	(8,102)

Consolidated summary Balance Sheet			
£000s	Draft Accounts at 31 October 2023	Statutory Accounts as at 31 October 2022	Statutory Accounts as at 31 October 2021
Intangible assets	821	1,113	1,620
Tangible assets	722	860	6,918
Investments	547	546	1,746
Fixed assets	2,090	2,519	10,284
Stocks	78,373	100,084	228,984
Total debtors	51,627	30,115	53,584
Cash at bank	17,950	15,829	24,956
Current assets	147,950	146,028	307,524
Trade and other creditors	(106,101)	(55,181)	(97,398)
Bank loans and overdrafts	(124,009)	(123,486)	(185,854)
Current liabilities	(230,111)	(178,667)	(283,252)
Net current liabilities	(82,161)	(32,639)	24,272
Non-current creditors	-	(4,766)	(90,141)
Provisions	8,973	(12,671)	(5,800)
Non-current liabilities	8,973	(17,437)	(95,941)
Total liabilities	(221,138)	(196,104)	(379,193)
Net liabilities	(71,098)	(47,557)	(61,385)

Source: Statutory and draft management accounts

Overview of financial information

Extracts from the audited SMGL consolidated accounts for the 12 months to 31 October 2021, 12 months to 31 October 2022, and unaudited draft management accounts to 31 October 2023 are shown opposite.

This information has not been verified by the Joint Administrators or by Teneo.

Please note that the consolidated account presented in the adjacent table include legal entities within the Stewart Milne Group that are not in administration.

Further, the Group sold Stewart Milne Timber Systems Limited ("SMTS") in December 2021, thus both the 2021 and 2022 profit and loss figures include SMTS trading (for only 2 months in 2022) and balance sheet figures as at 31 October 2021 are inclusive of SMTS assets and liabilities.

Profit and loss commentary

The Group made an operating loss in the last two financial years, driven by weakened demand in the housing market compounded by increasing cost input pressure. Profit reported in the year to 31 October 2022 is primarily driven by the £58.2m exceptional item arising from the gain on sale of SMTS (£48.1m) and gain on the liquidation of a subsidiary (£11.3m), offset by £1.2m of investments written off.

Exceptional items relate to gains and losses arising from the disposal of subsidiaries as well as the impairment of certain assets.

Balance sheet commentary

Intangible assets represent computer software with tangible assets being heritable land and buildings, plant and equipment and fixtures and fittings.

Stocks primarily relate to work in progress across partially complete developments, in addition to the Group's strategic land bank and PX properties. The Stocks balance has reduced significantly since FY21, reflecting the Group's declining investment in land and number of active development sites.

The debtor balance in 2023 consisted of trade debtors, deferred tax assets, prepayments, as well as other debtors.

The Group's Bank loans and overdrafts materially comprise amounts due to BoS, which reduced in 2022 as the proceeds from the SMTS disposal were used to reduce secured debt.



Background  
Joint Administrators’  
appointment



Circumstances giving rise to the appointment of the Joint Administrators

Reasons for failure & financial distress

The SMGL Directors explored options to secure the future of the Group and to restructure its debt in recent years. Rising costs, a challenging supply chain landscape and a notable decline in house buyer demand meant difficult trading conditions throughout 2023.

Faced with upcoming debt maturities, the SMGL Directors engaged in marketing processes to sell the Group (as outlined in more detail below). These processes, the most recent of which ended on 3 January 2024, ultimately failed to produce a deliverable transaction, and the Group was unable to meet its debt commitments and continue as a going concern.

Steps taken to remedy/turnaround

In December 2021, facing a forthcoming debt maturity, the SMGL Directors sold the Group’s timber frame business – SMTS – generating proceeds of £62m which were applied as repayment of BoS debt. At this time, the BoS facilities were extended through to April 2023.

A subsequent M&A process was initiated in April 2022, aimed at achieving a sale of the Group. The process was concluded in December 2022 and did not result in a transaction, partly due to the extent of the Group’s contingent obligations in respect of legacy construction projects and the general economic environment.

In early 2023, the SMGL Directors again considered restructuring options to improve the financial position of the Group including:

- implementation of a UK Restructuring Plan;
- asking BoS for additional funding of £10m - £20m based on updated trading forecasts;
- a managed wind-down of the Group’s operations, which assumed partially completed developments would be finished; and
- a further M&A process to sell the Group.

The SMGL Directors concluded that pursuing another M&A process provided the best prospects of meeting the Group’s liabilities in full. BoS agreed to an extension of the Group’s facilities to allow this process to be explored.

The process was launched in May 2023. Buyer outreach included c.50 parties, however, due to the challenging market backdrop, reduced net asset value of the Group, and the Group’s contingent liability position, the process did not result in a deliverable transaction and was concluded on 3 January 2024.

When decision to appoint was made

Once it became apparent that the 2023 sale process would not yield a deliverable transaction for the Group, the Companies were left unable to meet their ongoing liabilities. With no additional funding available, board meetings for each of the Companies were held on 4 January 2024 where it was concluded that there was no longer any reasonable prospect of the Companies avoiding insolvency. As such, the directors of each entity filed Notices of Intention to Appoint Administrators on 4 January 2024.

Involvement of Teneo pre-appointment

Prior to the Joint Administrators’ appointments over the Companies, Teneo were engaged to support the Group and BoS in assessing their strategic options (noted opposite) and to run the sales process launched in May 2023. In addition, other engagements with the Group are outlined in chronological order below and overleaf.

From April 2020 to June 2020 SMGL engaged Deloitte LLP (“Deloitte”) to evaluate a cost saving plan prepared by SMGL’s management and to review executive pay structures, this work was led by Peter Callas, a Deloitte Partner.

From September 2020 to April 2021, Deloitte, led by Paul Meadows and Matt Cowlshaw, both Deloitte Partners, was engaged by SMGL and Stewart Milne Group Holdings Limited to undertake contingency planning, including consideration of strategy and potential outcomes under different scenarios.

On 29 May 2021 the UK Restructuring Practice of Deloitte was sold to Teneo Financial Advisory Limited (the “Transaction”) and Peter Callas, Paul Meadows and Matt Cowlshaw all transferred to Teneo as part of the Transaction.



Background  
Joint Administrators’  
appointment

Involvement of Teneo pre-appointment (continued)

From June 2021 to November 2021 SMGL and Countesswells Developments Limited engaged Teneo, led by Gavin Park and Jarek Golebiowski, both Senior Managing Directors, to advise and assist in respect of options for Countesswells Developments Limited, a wholly owned subsidiary of SMGL.

From May 2022 to June 2022, Teneo, led by Gavin Park and Jarek Golebiowski, both Senior Managing Directors, was engaged by SMGL to provide comments on an expert report prepared for the pursuer in a litigation where SMGL was a defendant.

From June 2022 to August 2022, SMGL and Stewart Milne Group Holdings Limited engaged Teneo, led by Marcus Rea, a Senior Managing Director, to advise on the tax implications of a potential debt release by third-party lenders, and high-level tax steps involved in a disposal of the Group.

From November 2022 to January 2024, Teneo was engaged by SMGL and BoS to undertake the following work, led by Matt Smith and Matt Mawhinney, both Senior Managing Directors:

- advisory services in respect of a potential restructuring plan;
- options analysis in respect of a potential sale of the business, a solvent wind down of the Group's operations and high-level contingency planning; and
- M&A sales process with further workstreams supporting on assessing the Group's structure, ad-hoc tax support and managing an external contractor to help deliver the business plan financial model.

Additional Teneo Senior Managing Directors led discrete phases of work as noted below:

- M&A sales process work was led by Rob Harding and Matt Smith;
- tax work was led by Marcus Rea; and
- contingency planning for insolvencies was led by Matt Smith and Gavin Park.

Adele Macleod, Gavin Park and Matt Smith of Teneo were asked to take the pending appointment as Joint Administrators of SMGL by the directors of SMGL on 4 January 2024.

On the same date, Adele Macleod and Matt Smith of Teneo were asked to take the pending appointment as Joint Administrators of SMHCS Ltd, SMHCS (Dev.) Ltd, SMH (Arbroath) Ltd, SMH (Auchterarder) Ltd and SMH (Kirkton) Ltd by the Directors of those Companies.







Post-appointment

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Post-appointment  
Purpose

Appointment of the Joint Administrators  
Adele Macleod, Gavin George Scott Park and Matthew David Smith, of Teneo were appointed Joint Administrators of SMGL on 8 January 2024 by the SMGL Directors.

On the same date, Adele Macleod and Matthew David Smith were also appointed Joint Administrators of SMHCS Ltd, SMHCS (Dev.) Ltd, SMH (Arbroath) Ltd, SMH (Auchterarder) Ltd and SMH (Kirkton) Ltd by the Directors.

The appointments followed the filing of a Notice of Intention to appoint Joint Administrators by the Companies' directors.

Purpose of the administrations

An administration must achieve one of the following statutory purposes, being either:

- 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 Companies were wound up (without first being in administration); or
- realising property to make a distribution to one or more secured or preferential creditors.

The Companies have significant levels of secured debt which would need to be restructured in order to rescue the businesses as going concerns. Furthermore, having regard to the likely value of the underlying business and assets, as based on available financial information and the outcome of sales processes commenced by the SMGL Directors prior to appointment, it was considered unlikely that there would be interest from third parties in a debt restructuring.

Accordingly, the purpose of the administrations is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Companies.

The purpose of the administrations will be achieved by:

- Running sales processes in administration for the Companies' partially completed sites, strategic land options and non-operational land in addition to pursuing realisations from PX properties and other assets.

Administrations are considered to offer improved prospects of enhanced recoveries for creditors as a whole compared with liquidations as:

- the contractual position which underpins the Companies' ownership of development sites, strategic land options and non-operational land is complex and liquidation is more likely to trigger insolvency provisions that would hinder the realisation strategy within certain contracts than administration; and
- liquidation of SMGL would effectively have terminated employment contracts – a number of SMGL staff have been retained by the Joint Administrators to support the sales processes referred to above, where this is deemed to be in the interests of creditors.





Post-appointment  
Joint Administrators’  
strategy

How the affairs and business of the Companies have been managed and financed since appointment, and the Joint Administrators’ intended strategy if their Proposals are approved

Immediately following our appointment, we undertook an assessment of the Companies’ financial affairs to assess whether we would be able to continue to trade the business within the administration. Unfortunately, we concluded that the Joint Administrators continuing to build out the Companies’ partially completed development sites was not a practical possibility post-appointment, due to:

- the limited funding available to the Joint Administrators; and
- the Administrators’ inability to provide warranties on homes or certainty of title to prospective house buyers, restricting buyers’ ability to obtain mortgages.

Therefore, continued construction was not considered to be in the best interest of the Companies’ creditors and our realisation strategy is to wind down the Companies’ business in an orderly fashion.

As part of this strategy, we will be seeking purchasers for the various assets of the Companies, as described on pages 15 - 16.

As there were no available funds in the Companies at the date of the administrations, BoS agreed to provide funding (“BoS Loan Facility”), to meet administration expenses in each of the Companies to the extent such expenses cannot be met from asset realisations.

Receipts and Payment accounts

A receipts and payments account for each of the Companies, detailing asset realisations achieved and costs paid up to 7 February 2024, are provided in Appendix C.





Post-appointment  
Joint Administrators’  
strategy



Asset realisations

Partially completed sites

Securing / making safe partially completed sites

We have undertaken the following practical steps to secure and make safe the partially completed sites held by the Companies:

- Overseen the day-to-day management of all partially completed sites.
- Put in place open cover insurance.
- At the recommendation of our insurers, instructed third-party health and safety inspections, supplemented by further inspections undertaken by site managers employed by SMGL. Following the outcome of these inspections various remedial works have been instructed by the Joint Administrators and are in the course of being implemented.
- Implemented enhanced security measures at each site including security guards, patrols and CCTV.
- Daily attendance at each site by SMGL site managers, conducting regular patrols and checks, with any issues identified relayed to the Joint Administrators’ staff.

Sales process

Since the appointment date we have explored options to realise value from the Companies’ 10 partially completed sites (as detailed on page 7).

Teneo’s Special Situations M&A team, on behalf of the Joint Administrators, launched a sales process for the partially completed sites w/c 8 January 2024. This has involved proactive communication with key trade parties identified in the two previous M&A processes and via discussion with the Companies’ management team, in addition to responding to significant inbound interest.

The Teneo M&A team has worked closely with the retained employees to prepare marketing materials for the partially completed sites based on readily available information.

To date the status of the process is as follows;

- Total buyer outreach has comprised c.130 parties (the majority being trade parties) of which c.110 represent inbound enquiries.
- Non-disclosure agreements (“NDA”)s have been agreed with c.90 parties and marketing materials have been sent to c.70 parties.
- Phase one indicative bids for the partially completed sites were requested by 5pm on 26 January 2024 for all or individual sites.
- There has been a positive level of interest in active sites with multiple phase one bids received, for a combination of all / individual sites.
- Third-party agents Jones Lang LaSalle (“JLL”) have been engaged to manage phase two of the process, which will involve facilitating physical site visits, access to a virtual data room (“VDR”) and assisting with detailed Q&A.
- Interested parties have been requested to submit best and final bids at the conclusion of the phase two process.

The Joint Administrators are pursuing outright sales of part complete sites. However, a Development Management Agreement with another housebuilder or housebuilders to complete certain sites may be considered if this is expected to represent the optimal financial outcome for creditors.

Strategic land options and non-operational land

JLL have been instructed to assist the Joint Administrators in developing a strategy for the realisation and marketing of strategic land options and other non-operational land owned by the Companies.

Strategic land options

The terms of strategic land option contracts with landowners differ across the various options held. The Joint Administrators have taken legal advice to understand restrictions and potential restrictions on marketing certain of the options.

JLL launched a sales process for the 42 land options held within SMGL and three in SMHCS Ltd on behalf of the Joint Administrators during the w/c 12 February 2024, with the strategy for sale informed by the legal advice referred to above.



Post-appointment  
Joint Administrators’  
strategy

Asset realisations (continued)

Strategic land options and non-operational land (continued)

Non-operational land

We are working with JLL to assess and pursue an optimal realisation strategy for SMGL’s non-operational land bank. As part of this assessment we are obtaining legal advice in respect of various contractual complexities which need to be factored in to the sale strategy.

PX properties

On appointment the Companies owned eight PX properties, at various stages of progress towards sale.

Five of the properties were owned by SMGL and three were owned by SMHCS Ltd.

We assessed existing offers for both individual properties and the portfolio against sales for comparable properties within local markets and corresponding home reports. Four of the eight properties had offers which were deemed acceptable under this criteria and are expected to complete over the coming weeks. Further marketing is being undertaken in respect of the other four properties, this is ongoing at the date of these Proposals.

Other assets

The Joint Administrators continue to work with the retained members of SMGL staff to identify other assets and to implement strategies to realise value where possible. Realisations from these assets are not expected to be material relative to the partially completed sites, strategic land options and non-operational land. These other asset categorisations are detailed below.

Tangible assets

As at the date of appointment, a quantity of tangible assets including computer hardware, office furniture, fixtures and fittings and other tangible assets was located at SMGL’s leased premises. An independent valuer, SIA Group Asset Ingenuity Limited (“SIA”), was instructed to value these assets. This valuation concluded that the sale of assets would be uneconomical for the administration given expected costs of sale. As such, landlords have been / will be advised that SMGL has no interest in tangible assets in leased office premises.

Tangible assets (continued)

Other tangible assets - mostly stock and plant and equipment - owned by the Companies has been identified on partially completed sites and the Joint Administrators continue to assess prospective recoveries for creditors from these assets on a case-by-case basis.

Debtors (trade and other)

Due to the nature of the Group’s trade, the Companies do not have material trade debtor balances. However, other debtor balances identified on appointment include retentions, tax debtors and other loans, which the Joint Administrators are exploring options to realise value from.

Leasehold property

SMGL held leaseholds for three office sites, located in Aberdeen, Glasgow and Edinburgh. Necessary steps are being taken to ensure timely exits from leased premises to mitigate costs. To date, SMGL has exited both the Edinburgh and Glasgow offices.

In addition, on appointment SMHCS Ltd and SMGL held leases for 11 and 3 showhomes, respectively, on partially completed sites. SMHCS Ltd and SMGL have exited these showhomes post-appointment.

FSA with the Joint Administrators of SMHNWE (Dev.) Ltd

As mentioned previously, SMHNWE (Dev.) entered administration on 12 January 2024, with Insolvency Practitioners from BDO appointed Joint Administrators. SMHNWE (Dev.) requires the ongoing use of certain shared services provided by SMGL and other Group entities, including, but not limited to, employees and IT. An FSA to agree principles for services provided and relevant recharges is in the process of being agreed between the Joint Administrators of SMGL, SMHNWE Ltd and SMHNWE (Dev.).





Post-appointment  
Joint Administrators’  
strategy

Employees

At the date of appointment, all 329 Group employees were employed by SMGL. As trade ceased immediately upon our appointment, with no ongoing construction or sale of houses, many operational roles were no longer required in the administration. Immediately following the Joint Administrators’ appointment on 8 January 2024, 217 roles were made redundant. To date it has been necessary to make a further 31 roles redundant.

All SMGL employees whose roles were aligned with SMHNWE (Dev.) were retained until the administration appointment over that entity on 12 January 2024, at which point 21 roles were made redundant. Payroll costs for the remaining employees, who are aligned with SMHNWE (Dev.) are being recharged by SMGL to SMHNWE (Dev.) on an ongoing basis.

All employees who were made redundant have been assisted by Teneo’s specialist Employee Advisory team regarding queries and provided with the relevant documentation to enable them to make a claim for statutory entitlements they may be due from the Redundancy Payments Service (“RPS”). In addition, the Joint Administrators have worked closely with Partnership Action for Continuing Employment (“PACE”) and Job Centre Plus to provide all impacted employees with additional support following their employment with SMGL ending.

The headcount required to support the administration strategy is kept under constant review by the Joint Administrators.

Reserved customers

At the date of appointment there were 62 reserved units across the Companies’ active development sites. The build status of reserved units varied between partially built and building not commenced. As construction ceased following the administration appointments, reservation holders were advised that reserved units would not be completed or sold by the Joint Administrators.

Reservation fees, and any payments towards optional extras at reservation, had been paid by card payment and customers were advised to contact their card providers. These payments comprise unsecured claims in the administrations (either for the card provider if they provide a refund or the customer if not).

Missived customers

At the date of appointment there were 22 units that were subject to a completed missive, i.e. a contractual agreement for the sale of a property. The contracted sales being subject to varying conditions or requirements, including but not limited to, the customer having funding and the property being completed before a long stop date.

At the time of appointment, the completed missives related to properties at varying stages of construction, from building not having commenced to being partially built or near complete.

As construction ceased following the administration appointments, the counterparties to the missives were advised that the settlement of the missives would not be possible due to the stage of the build and the Administrators’ inability to provide a new build 10-year warranty (provision of which is a standard mortgage requirement on a new build property).

Where those subject to missive had paid a deposit they have been directed to liaise with their solicitor to investigate making a claim to the National House Building Council (“NHBC”). Where any payment had been made in respect of optional extras they have been directed to the card provider to raise a claim, as mentioned opposite, these comprise unsecured claims in the administrations.





Post-appointment  
Joint Administrators’  
strategy

Homeowners

As noted, new build homes are sold with the benefit of a 10-year warranty. The provision of this warranty was in conjunction with NHBC. In ordinary course the warranty operated such that the Group was responsible for resolving any issues that arose in the first two years ("the Builders Obligations"), this would typically relate to snagging issues. From year three to the conclusion of the warranty any claim for structural issues would be made directly by the homeowner to NHBC.

Upon appointment the Group were no longer able to perform the Builders Obligations. This was notified to both the customers and NHBC.

There is provision in the NHBC warranty for NHBC to support the homeowners where any builder fails to perform the Builders Obligations, including in the event of insolvency. As such homeowners were advised to contact NHBC regarding any defects.

We have been in regular contact with NHBC to confirm details and processes with regards homeowners making claims, where necessary.

Other stakeholders

Given the nature of the administration appointments in terms of the number and geographical spread of the Companies' part-complete development sites, and the impact on the Companies' customers and existing Stewart Milne Homes homeowners, the Joint Administrators and their staff have engaged with a wide range of stakeholders, in addition to those who have a direct financial interest in the outcome of the administrations which have been touched on earlier in this section, e.g.:

- Communications with Government, including meetings with MSPs and MPs.
- Communications with councils and Scottish Water in respect of unadopted roads and infrastructure.
- Confirming the status of development projects to surety providers, which provided bonds in favour of local authorities in respect of unadopted roads and infrastructure pre-appointment.
- Engagement with Housing Associations ("HAs"), where pre-appointment, the Companies have undertaken design and build contracts on behalf of HAs.
- Reviewing the position of Joint Venture ("JV") arrangements within the wider Group and assessing whether the Companies have a financial interest in these JVs.
- Reviewing ongoing and legacy litigation claims against the Companies and working with lawyers and insurers as appropriate to take the appropriate action to protect creditors' interests.
- Facilitating the uplift of third-party leased assets from part complete development sites.
- Investigating suppliers' Retention Of Title ("ROT") claims in respect of goods supplied to sites, including review of documentation in support of ROT claims and facilitating attendance at sites to allow suppliers to identify goods supplied.





Post-appointment  
Joint Administrators’  
Proposals



The Joint Administrators’ Proposals

Unless otherwise stated, references to preferential creditors include both ordinary preferential creditors and secondary preferential creditors collectively.

Our Proposals for the administrations are:

- continuing to manage the affairs and any remaining assets of the Companies and the settlement of all administration expenses; and
- assessing the affairs of the Companies and reviewing and reporting on the conduct of their directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Companies or their management; and
- agreement of the claims of any secured, preferential and unsecured creditors against the Companies unless we conclude, in our reasonable opinion, that the Companies will have no assets available for distribution; and
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the PP as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the PP if the court gives permission following an appropriate application; and
- that, following the realisation of assets and resolution of all matters in the administration, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the administration; and
- that, if the Companies are to be placed into Creditors’ Voluntary Liquidation (“CVL”), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

We will seek specific approval from the appropriate body, secured and preferential creditors, to fix the basis and ability to draw our remuneration and expenses, including pre administration costs and expenses, and to agree the time of our discharge on conclusion of the administration.

Please refer to Appendix E for further details.



Post-appointment  
Outcome for creditors



Estimated outcome for creditors

Secured creditors

We are in the process of instructing a security review in order to confirm the secured creditor position, including the validity of the various securities registered against the Companies. Until this review is finalised, the information provided below in respect of amounts due to secured creditors and security held is based on the Directors' statements of affairs, the Companies' records, and publicly available information and may therefore be subject to change.

BoS

- The balance outstanding on our appointment date, including interest which continues to accrue, is £107.9m.
- With the exception of those charges detailed below, BoS holds a first ranking standard security over all land assets of the Companies and a floating charge over all other assets of the Companies. Each of the Companies is a guarantor to the BoS facilities (i.e. the BoS facility is cross secured across the Companies).

Monarch's Rise overage

- Per the Directors' Statement of Affairs prepared for SMH (Arbroath) Ltd., a balance of £184k is owing to Euan Alan Spence and Christopher Alan Spence arising from overage at the Monarch's Rise site, which is secured by a standard security granted by SMH (Arbroath) Ltd.
- Although the land asset is owned by SMH (Arbroath) Ltd. and the standard security was granted by SMH (Arbroath) Ltd, the Directors have reported the related land asset within the Statement of Affairs for SMH (Auchterarder) Ltd.

Based on currently available information, we do not expect there will be sufficient asset realisations to repay secured creditors in full.

Other chargeholders

- In the course of business, the Companies have granted securities to a significant number of third parties in relation to specific land assets. Public records show that SMGL has 88 outstanding charges registered and the other Companies have between 5-20 registered outstanding charges. It is the Directors' understanding that these charges are linked to non-monetary obligations or contingent monetary liabilities which had not crystallised prior to administration appointments, and as such these have not been included as a secured creditors in the Directors' Statement of Affairs.

Lease creditors

Upon our appointment 80 vehicles were subject to lease agreements, of which 46 have now been collected by the lessor. 16 vehicles are awaiting collection and 18 are still in use in the administrations. Further updates will be provided in future reports.

**Landlords' hypothec**

Hypothec is a real right in security over moveable property within leased premises, up to the value of any unpaid rent at the date of appointment. As noted on pages 16-18, it was not considered economical to sell any moveable property within SMGL's leased premises As such we will not be making distributions to landlords in respect of hypothec claims. Landlords should adjust their claim in the SMGL administration for any value realised from the owned assets that have been left in the premises.

Ordinary preferential creditors

Ordinary preferential claims consist of amounts owed to employees for arrears of wages/salaries, holiday pay, and pension contributions. SMGL employed all Group staff, as such all preferential claims relating to employees are within SMGL.

Based on the information provided in the Directors' Statement of Affairs, it is estimated that there will be c.208 ordinary preferential claims totalling £0.2m and there may be sufficient funds available to enable these claims to be paid in full, subject to the level of floating charge asset realisations in SMGL net of costs of realisation.



Post-appointment  
Outcome for creditors



Secondary Preferential Debts due to HM Revenue and Customs (“HMRC”)

Secondary preferential debts are debts due to HMRC in respect of deducted taxes, including PAYE, employee NICs and CIS deductions. Based on the information provided in the Directors’ Statement of Affairs, it is estimated that HMRC will have a secondary preferential claim of c. £1.8m in respect of PAYE, employee NICs and CIS deductions and there may be sufficient funds to enable such claim to be paid in full, subject to the level of floating charge asset realisations in SMGL net of costs of realisation.

Secondary preferential creditor claims

£'000	Balance
SMGL	1,634
SMHCS Ltd.	139
<b>Total</b>	<b>1,772</b>

Unsecured creditors

The Directors’ Statement of Affairs shows unsecured creditor balances as below:

Unsecured creditor claims

£'000	Number of creditors	Balance
SMGL	963	93,077
SMHCS Ltd.	394	40,828
SMHCS (Dev.) Ltd	Unknown	2,234
SMH (Auchterarder) Ltd.	14	11,949
SMH (Arbroath) Ltd.	-	-
SMH (Kirkton) Ltd.	4	5,764
<b>Total</b>	<b>1,375</b>	<b>153,852</b>

This listing does not capture a number of other potential unsecured creditor claims which are expected in the administrations, including any uninvoiced and contingent liabilities which had not crystallised at the time of the administration appointments. Consequently, we anticipate that the total value of unsecured claims will be higher than the total given above once these other liabilities have been quantified and included.

On present information, it is unlikely that sufficient funds will be realised in each of the Companies to enable a distribution to be made to unsecured creditors (save for the possibility of a distribution under the PP in the case of SMGL and SMHCS Ltd.).

Prescribed Part

The PP is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003 and will apply only to SMGL and SMHCS Ltd.

The PP is calculated as a % of the net property and is subject to a statutory maximum of £600,000 per company.

Where the value of the PP is so small as to make the costs of distributing it disproportionate, the court may, on our application, disapply it. Based on current information, we have set out below anticipated net property and PP for each Company:

SMGL and SMHCS Ltd.

- SMGL: The Directors’ Statement of Affairs, indicates that SMGL may have net property of £163k and a PP of c. £36k. After deduction of the costs for dealing with the PP (which chiefly comprise our time costs for agreeing creditors’ claims and making the distribution to them) this is likely, on present information, to equate to a distribution of c.0p /£ for unsecured creditors.
- SMHCS Ltd.: The Directors’ Statement of Affairs, indicates that SMHCS Ltd. may have net property of £1.5m and a PP of c. £307k. After deduction of the costs for dealing with the PP (which chiefly comprise our time costs for agreeing creditors’ claims and making the distribution to them) this is likely, on present information, to equate to a distribution of c.0p /£ for unsecured creditors.

For all Companies, the value of net property and PP will be dependent on floating charge asset realisations, which we cannot reliably estimate at this time. Net realisable values per each Company’s Statement of Affairs reflects the Directors’ estimates, which we have not independently verified.



## Post-appointment Outcome for creditors

### Claims process

#### SMGL and SMHCS Ltd.

Based on the information provided in the Directors' Statement of Affairs, we anticipate that a dividend under the PP may be made to unsecured creditors, however, having regard to the size of claims against SMGL or SMHCS Ltd., the amount of any such dividend is likely to be very low, i.e. less than a penny in the pound.

We nonetheless invite creditors to claim, following the guidance in the paragraphs below.

#### Creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed, according to SMGL's or SMHCS Ltd's Statement of Affairs, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a statement of claim form to us.

#### Creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us either directly via the case website at [www.ips-docs.com](http://www.ips-docs.com) or by downloading and completing a statement of claim form from the case website and which should be sent to the address on the cover page. Alternatively, a hard copy statement of claim form will be provided free of charge on request.

SMHCS (Dev.) Ltd, SMH (Auchterarder) Ltd, SMH (Arbroath) Ltd. and SMH (Kirkton) Ltd

As there is no prospect of a distribution for unsecured creditors (based on information provided in the Directors' Statement of Affairs), we do not intend to undertake any work to agree any creditor claims received as this work will be performed only once the dividend prospects are certain.





## Post-appointment Extensions & exit routes

### Exit routes

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors.

There are several possible exit routes from administration. Based on current information, we consider the following exit routes may be appropriate for each of the Companies:

- **Dissolution** – If there is no further property which might permit a distribution to the creditors of an individual company, we may file notice to that effect with the Registrar of Companies and the Company will be dissolved three months later.
- **Compulsory Liquidation (“WUC”)** – where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiry, it may be appropriate to ask the court to end the administration and to make an order to wind up an individual company.
- **Creditors’ Voluntary Liquidation (“CVL”)** - Where a distribution to unsecured creditors of a Company will be made, other than by virtue of the PP, we may file a notice to that effect with the Registrar of Companies. The administration will cease on the date that notice is registered and the individual Company will be wound up.

Please note that if any of the Companies are placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the Proposals are deemed approved i.e. by 6 March 2023.

- Any creditors’ committee appointed in an administration will become a liquidation committee and the basis of the Joint Administrators’ remuneration fixed during the administration will apply in the liquidation.
- For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

### Discharge of Joint Administrators’ liability

Pursuant to paragraph 98 of Schedule B1 of the Act, the Joint Administrators’ discharge of liability in respect of their actions as administrators takes effect at the specific time appointed by either the court, the creditors (either via the creditors’ committee or by decision of the creditors) or, in specific circumstances, by the secured (and preferential) creditors.

In this case, we will request approval (subject to direction from the court) from the approving bodies in each administration for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators’ final progress reports.

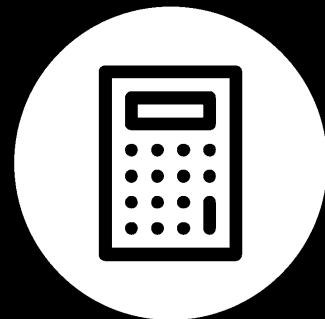






## Remuneration and expenses

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Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

A Creditors' Guide to Administrators' Remuneration" is appended to SIP 9 and is provided on the administration website and also available for download [www.ips-docs.com](http://www.ips-docs.com).

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on page 4 and this will be provided to you at no cost.



Basis of Administrators' remuneration

- Pursuant to rule 3.97 of the Rules the basis of the Joint Administrators' remuneration may be fixed:
- as a percentage of the value of the property with which the Joint Administrators have to deal;
  - by reference to time properly given by the insolvency practitioners and their staff in attending to matters arising in the administration;
  - as a set amount; or
  - any combination of the above.

Based on current information, it is anticipated that there will be no funds available to the unsecured creditors, other than the possibility of a distribution under the PP provisions for SMGL and SMHCS Ltd. Therefore, in accordance with rule 3.96(3) of the Rules and in the absence of a creditors' committee, we will seek to fix the basis of our remuneration by reference to our time costs incurred in attending to matters arising in the administration with the consent of each secured creditor and a decision of the preferential creditors in a decision procedure in respect of each of the Companies.

Given the number of registered charge-holders, and that certain of the securities secure non-monetary or contingent monetary liabilities, subject to the outcome of the security review which we are in the process of instructing, in due course we may require to seek guidance from Court as to how to validly obtain remuneration approval (and approval for the resolutions detailed in Appendix E).

The agreement for the BoS Loan Facility provides that funding can be applied to pay our fees in the event that asset realisations are not sufficient to meet our fees in full (as detailed on page 14). This does not impact the statutory fee approval which we will be required to obtain in respect of any remuneration to be drawn from the administration estate.

Costs in relation to the Prescribed Part

Please note that in accordance with rule 3.50 of the Rules the expenses associated with the PP must be paid out of the PP fund. Accordingly, the cost of our work carried out to agree and pay creditor claims under the PP will be deductible as an expense.



Joint Administrators' Remuneration

We have provided details of our time costs together with charge out rates for the period 8 January 2024 to 7 February 2024 at Appendix D. Summarised as follows:

Entity	Time Costs (£)
SMGL	1,361,777
SMH (Arbroath) Ltd	114,192
SMH (Auchterarder) Ltd	113,450
SMHCS Ltd	250,817
SMHCS (Dev.) Ltd	228,627
SMH (Kirkton) Ltd	65,482

Joint Administrators' - Expenses

Expenses are payments from the estate which are neither remuneration payable to us as officeholders nor a distribution to a creditor or a member. Expenses includes disbursements; disbursements are payments first made by us out of our own funds and later reimbursed to us (to the extent possible) out of estate funds.

Expenses are divided into those that do not need approval before they are charged to (and recovered from) the estate ("Category 1") and those that do ("Category 2") and as described below:

- Category 1 Expenses - are payments to persons providing the service to which the expense relates and who are not an associate of the officeholder. These expenses can be paid out of the estate by us without creditor approval.
- Category 2 Expenses - are payments to us (as officeholder) or our associates or payments which have an element of shared costs. These expenses require creditor approval in the same manner as our remuneration.

Category 1 Expenses – Disbursements

Category 1 expenses incurred to date for the Companies are shown in the tables opposite. We are required to give notice by advert in the Edinburgh Gazette of our appointment.

SMGL - Category 1 Expenses (disbursements)

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Specific Penalty Bond	220	220	-	220
Total expenses	220	220	-	220

SMH Arbroath - Category 1 Expenses (disbursements)

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Specific Penalty Bond	220	220	-	220
Total expenses	220	220	-	220

SMH Auchterarder - Category 1 Expenses (disbursements)

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Specific Penalty Bond	220	220	-	220
Total expenses	220	220	-	220

SMH Kirkton - Category 1 Expenses (disbursements)

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Specific Penalty Bond	220	220	-	220
Total expenses	220	220	-	220

SMH Central Scotland - Category 1 Expenses (disbursements)

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Specific Penalty Bond	220	220	-	220
Total expenses	220	220	-	220

SMH Central Scotland (Dev.) - Category 1 Expenses (disbursements)

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Specific Penalty Bond	220	220	-	220
Total expenses	220	220	-	220







**Joint Administrators’ – Expenses (continued)**

**Category 1 Expenses - Other professional costs**

Prior to instructing providers of specialist advice and or services, we have evaluated whether the work/advice is both warranted and also that the cost of same represents best value for the estate. We review all such arrangements periodically to ensure that best value continues to be obtained. Further details are provided below.

**Legal fees**

- We have instructed Burness Paul LLP (“BP”), a firm of lawyers with the appropriate expertise and experience in dealing with similar administrations, to advise on the following legal matters;
  - validity of appointment review;
  - review of the funding agreement and indemnity provided by BoS;
  - sales process and associated NDAs;
  - strategic land options;
  - PX property conveyancing;
  - retention of title claims;
  - pension matters;
  - homeowner missive position and NHBC warranties; and
  - miscellaneous administration queries.

For the period to 2 February 2024 BP have invoiced £86,456 excluding VAT and incurred time costs of £35,499 not yet invoiced in respect of the above matters. These total costs of £121,955 are yet to be paid and are allocated to the Companies as follows:

- SMGL - £44,331 invoiced and £31,221.38 time costs
- SMH (Auchterarder) Ltd - £14,360.75 invoiced and £4,277.88 time costs
- SMH (Arbroath) Ltd - £6,940.25 invoiced
- SMH (Kirkton) Ltd - £6,941.75 invoiced
- SMHCS (Dev.) Ltd - £6,941.38 invoiced
- SMHCS Ltd - £6,940 invoiced

BP’s future costs will be dependent on the extent of work involved and based on agreed charge-out rates.

We have instructed Morton Fraser MacRoberts LLP (“Morton Fraser”), to act on certain matters pertaining to the Group’s land and options and to act and advise in relation to the sale of the Companies’ land and property assets, where they have pre-appointment knowledge and experience.

For the period to 2 February 2024 Morton Fraser have incurred time costs of £17,061 that has not yet been invoiced in respect of the above matters. These uninvoiced costs are yet to be paid and are allocated to the Companies as follows:

- SMGL - £9,968 time costs;
- SMHCS Ltd - £4,353 time costs; and
- SMHCS (Dev.) Ltd - £2,741 time costs.

Their future costs will be dependent on the extent of work involved and based on agreed charge-out rates.

- We are in the process of instructing Harper McLeod LLP to complete a review of the numerous charges registered against the Companies and validity of security. Their future costs are still being agreed and will be dependent on the extent of work involved.
- We have instructed Hogan Lovells LLP (“Lovells”), a firm of lawyers, to provide legal assistance in relation to the FSA that has been drafted between SMGL and SMHNWE (Dev.) as well as ad hoc queries in relation to employee matters. For the period to 12 February 2024, Lovells had incurred time costs (in relation to SMGL only) of £47,680 excluding VAT.

Lovells’ future costs will be dependent on the extent of work involved and based on agreed charge-out rates.





**Joint Administrators' – Expenses (continued)**

Category 1 Expenses - Other professional costs continued

**Agents' Costs**

- The Joint Administrators identified two potential property agents to assist with the Companies' land options and sales process. On receipt of quotes, Jones Lang LaSalle was instructed based on their appropriate expertise and experience and lower cost proposal, to assist with the sale of undeveloped land and land options, their fee for doing so is contingent on realisations
- Quotes were requested from experienced agents to assist with asset realisations including leasehold properties and wiping and extracting value from IT equipment. SIA were instructed based on their cost effective approach and limited to £1,000 plus VAT per leasehold site and charges per laptop or phone collection from employees and subsequent wiping of data.

Costs in respect of retrieval and erasure of data in respect of leased IT equipment are also necessary but unknown at this stage.

Whilst we are not required to seek creditor approval for any of the foregoing expenses, we confirm that all professional costs are reviewed by us and analysed in detail before payment is approved or made.

Category 2 Expenses

As indicated, category 2 expenses are payments to us (as officeholder) or our associates or payments which have an element of shared or allocated costs. These expenses require creditor approval in the same manner as our remuneration

Teneo's Strategy and Consulting division ("Teneo S&C"), were engaged to assist with the preparation and distribution of a press release on appointment and subsequent monitoring of press coverage.

Please refer to appendix D1 for further information.



Remuneration and expenses

Pre-administration costs

Statement of pre-administration costs

In the following paragraphs we have provided an explanation of the work carried out by us in the period prior to the administration and which was carried out with the intention of helping to achieve the objective of the administration, i.e. to achieve a better result for the Companies' creditors as a whole than a liquidation and including but not limited to:

- planning for the administrations and administration strategy;
- gathering information to determine whether it would be possible to trade on day one and steps to be taken to secure the active sites;
- planning and arranging staffing;
- identifying key suppliers;
- gathering information in preparation for immediate post appointment statutory notifications;
- consultation with BoS as secured lender including consideration of cashflow, funding requirement and BoS Loan Facility; and
- preparation for dealing with press and PR queries immediately prior to the administrations.

In relation to this work our fees and expenses are as follows:

- our time costs of £205,088, as shown below; and
- third party and category 2 expenses of £20,983, as detailed opposite.

Entity	Pre appointment costs (£)
SMGL	64,765
SMH (Arbroath) Ltd	21,588
SMH (Auchterarder) Ltd	21,588
SMHCS Ltd	21,588
SMHCS (Dev.) Ltd	64,765
SMH (Kirkton) Ltd	10,794
Total	205,088

In planning for the administrations, Teneo S&C assisted with the preparation of a press release and other media considerations pre-appointment. In respect of this work, Teneo S&C incurred costs of £8,683, as detailed below.

Entity	Pre appointment costs (£)
SMGL	2,742
SMH (Arbroath) Ltd	914
SMH (Auchterarder) Ltd	914
SMHCS Ltd	914
SMHCS (Dev.) Ltd	2,742
SMH (Kirkton) Ltd	457
Total	8,683

In planning for the administration, we were assisted by BP on legal matters including:

- overseeing appointment process on behalf of prospective administrators with a view to subsequently confirming validity; and
- pre-appointment work on agreement for BoS Loan Facility.

In respect of this work, BP invoiced fees of £1,750 for each of the Companies, £10,500 in total.

Legal costs of £300 for each of the Companies were also incurred by BBM Solicitors who provided notary public services in respect of the Notice of Intention to appointment of an administrator and Notice of Appointment of an administrator, £1,800 in total.

The pre-appointment legal costs remain unpaid.

Approval of unpaid pre-administration costs

As set out opposite, we have unpaid pre administration costs and expenses of £226,071.

The payment of these unpaid costs as an expense of the administrations is subject to approval under Rule 3.52 and is not part of the Proposals subject to approval under paragraph 53 of Schedule B1 of the Act.

In this regard we will invite the Companies' secured creditors and preferential creditors to decide whether and to what extent the unpaid pre-administration costs should be approved for payment.







## Additional information

Investigations and case specific matters

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Additional information  
Investigations and  
case specific matters

The Insolvency (Amendment) (EU Exit) Regulations 2019 (the "Regulations")

As stated in the administration appointment documents, these are COMI proceedings (i.e. the centre of main interests is in the UK).

Third party assets

Should you believe that you own or have a claim regarding items that may have been present at the Companies' premises at the date of our appointment please contact us as soon as possible.

Shareholders

We are not obliged to provide further information or reports to shareholders of the Companies. However regular updates will be uploaded to the website set up for the administration at: [www.ips-docs.com](http://www.ips-docs.com).

Due to the insolvency of the Companies and anticipated level of asset realisations compared with the level of creditor liabilities owed by the Companies, there is no prospect of a return being made to the shareholders.

Following our appointment, the Companies are no longer able to process transfers of shares, nor re-issue unclaimed dividend cheques.

Investigations

As part of our duties, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment includes enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Companies.

In addition, we are required to consider the conduct of the directors and any person we consider to have acted as a shadow or de facto director in relation to their management of the affairs of the Companies and the causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business and Trade.

Creditors who wish to draw any matters to our attention should contact us using the contact details on page 4 as soon as possible.

Reserved / missive customers

The sales team for the Group provided contact details for customers who had either reserved properties on active sites or completed missives. This information also detailed reservation fees, deposits and extras paid by customers.

We have contacted all reserved or missive customers based on the Companies' records, however, if you believe you should you have been contacted but have not received such correspondence, please email [SMReserved@teneo.com](mailto:SMReserved@teneo.com).







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Appendices  
Appendix A

Statutory Information  
Website

In order to facilitate communication, all statutory reports, documents and notices will be posted on to a website which has been set up specifically for each company. The web address is [www.ips-docs.com](http://www.ips-docs.com).

All documents will be retained on each website which will remain live until two months after the conclusion of the proceedings. Please contact a member of the administration team using any of the contact details given below if you would like to be provided, free of charge, with a hard copy of documents posted, either now or in the future, to each website:

Telephone: +44 121 619 0120

Email: [SMGeneral@teneo.com](mailto:SMGeneral@teneo.com)

Teneo Financial Advisory Limited, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT

Please note that no further notice will be given to you when documents are uploaded to the website. It is thus important that you review the website regularly to check for updates, such as notices of decision procedures or our six-monthly reports on progress.





Appendices  
Appendix B

Statement of Affairs

Joint Administrators' comments

The Directors' statements of affairs for all of the Companies, provided by Robert Fraser Park, Group CFO are available on the case websites at [www.ips-docs.com](http://www.ips-docs.com), and include a schedule of the names and addresses of all known creditors. We are legally required to provide names/address/and amounts of all creditors ("Creditor Details"), (including those of employees and consumer creditors), so as to enable creditors to communicate with one another in order to exercise their rights as creditors. The website is password protected and can only be accessed by other creditors each using their unique access code. Please note that we are required by law to exclude Creditor Details relating to employees and consumer creditors from any documents required to be filed at companies house or otherwise put in the public domain. Any person who seeks to make such information publically available will be committing an offence under the General Data Protection Regulations (GDPR).

As noted previously, the Directors of the Companies resolved on 4 January 2024 that there was no reasonable prospect of the Companies avoiding insolvency and took steps to commence the administration process. The administration appointments over the Companies subsequently took effect on 8 January 2024. Since the date of appointment, we have taken steps to identify the assets owned by each individual entity in the Companies, and to identify the appropriate realisation strategy for them.

At the date of our appointment, the Group's management accounts were prepared on a divisional basis rather than by legal entity, therefore it was not possible to reconcile asset and liability information to each of the Companies. As such, prior to receiving the Directors' Statements of Affairs for the Companies, we were unable to accurately assess the asset or liability position of each entity or estimate the outcomes for each class of creditor.

Since receiving the Statements of Affairs for the Companies on 9 February 2024, we have been able to produce our proposals. These detail our strategy for achieving the objective being pursued for each entity, and the potential exit of each administration.

In accordance with the standard format of the Statement of Affairs, no provision has been made for the costs of the administration (including agents', legal and other professionals' fees).





Appendices  
Appendix B

Statement of Affairs  
SMGL

The Statement of Affairs as summarised on this page was prepared and provided by Robert Fraser Park.



Directors' summary Statement of Affairs - SMGL

£	Book value	Estimated to realise
Assets subject to fixed charge		
Land and WIP	2,248,861	1,056,859
Less: monies due to fixed charge holders	(107,939,380)	(107,939,380)
Estimated surplus / (deficiency) to fixed charge holders	(105,690,519)	(106,882,521)
Assets subject to floating charge		
Land & WIP	3,493,986	500,000
Part Exchange	662,819	662,819
Investments	34,586,128	-
Fixed assets	826,513	-
Trade Debtors	1,130,454	225,268
Other Debtors	5,794,629	439,198
Prepayments & accrued income	1,895,279	136,459
VAT - HMRC	345,528	-
Group relief	13,144,974	-
Deferred tax	6,343,584	-
Intercompany Debtors	27,511,109	-
Estimated total assets available for preferential creditors	95,735,002	1,963,744
Preferential creditors		(166,738)
Estimated surplus / (deficiency) to preferential creditors		1,797,006
Secondary preferential creditors		(1,633,645)
Estimated surplus / (deficiency) to secondary preferential creditors		163,360
Estimated prescribed part of net property		(35,672)
Estimated total assets for floating charge holders		127,688
Debt secured by floating charges		(106,882,521)
Estimated surplus / (deficiency) after floating charges		(106,754,832)
Estimated prescribed part of net property (brought down)		35,672
Total assets available to unsecured creditors		35,672
Unsecured non-preferential claims		(93,076,898)
Estimated surplus / (deficiency) to non-preferential creditors		(93,041,226)
Shortfall to floating charge holders (brought down)		(106,754,832)
Estimated surplus / (deficiency) to creditors		(199,796,058)
Called up share capital		(180,400)
Estimated surplus / (deficiency) to members		(199,976,458)

Directors' notes/comments

1. Stewart Milne Group Limited has joint liability of the BoS facility and the full outstanding bank borrowings (including accrued interest) have been included in the guarantor companies on that basis.
2. VAT receivable balance is recoverable however will be offset against outstanding PAYE liability.



Appendices  
Appendix B

Statement of Affairs  
SMHCS Ltd

The Statement of Affairs as summarised on this page was prepared and provided by Robert Fraser Park.



Directors' summary Statement of Affairs - SMHCS Ltd

£	Book value	Estimated to realise
Assets subject to fixed charge		
Land and WIP	19,030,874	7,440,784
Less: monies due to fixed charge holders	(107,939,380)	(107,939,380)
Estimated surplus / (deficiency) to fixed charge holders	(88,908,506)	(100,498,596)
Assets subject to floating charge		
Land & WIP	5,393,767	772,770
Part Exchanges	691,197	691,197
Office Equipment, Fixtures & Fittings	32,836	-
Sales Ledger	100,208	53,226
Retentions	98,985	-
Other Trade Debtors	200,831	141,882
VAT	(27,228)	-
Escrow Account - SMHCS Share of Balance	4,442,775	-
Intercompany Debtor	5,359,477	-
Prepayments	1,005,875	-
Estimated total assets available for preferential creditors	17,298,723	1,659,074
Preferential creditors		-
Estimated surplus / (deficiency) to preferential creditors		1,659,074
Secondary preferential creditors		(138,677)
Estimated surplus / (deficiency) to secondary preferential creditors		1,520,397
Estimated prescribed part of net property		(307,079)
Estimated total assets for floating charge holders		1,213,318
Debt secured by floating charges		(100,498,596)
Estimated surplus / (deficiency) after floating charges		(99,285,279)
Estimated prescribed part of net property (brought down)		307,079
Total assets available to unsecured creditors		307,079
Unsecured non-preferential claims		(40,828,224)
Estimated surplus / (deficiency) to non-preferential creditors		(40,521,145)
Shortfall to floating charge holders (brought down)		(99,285,279)
Estimated surplus / (deficiency) to creditors		(139,806,423)
Called up share capital		(1)
Estimated surplus / (deficiency) to members		(139,806,424)

Directors' notes/comments

1. Stewart Milne Homes Central Scotland Limited has joint liability of the BoS facility and the full outstanding bank borrowings (including accrued interest) have been included in the guarantor companies on that basis.
2. VAT creditor left in assets, due to the fact Group registration is a net debtor.



Appendices  
Appendix B

Statement of Affairs  
SMHCS (Dev.) Ltd

The Statement of Affairs as summarised on this page was prepared and provided by Robert Fraser Park.



Directors' summary Statement of Affairs - SMHCS (Dev.) Ltd

£	Book value	Estimated to realise
Assets subject to fixed charge		
Land and WIP	10,967,452	3,346,452
Less: monies due to fixed charge holders	(107,939,380)	(107,939,380)
Estimated surplus / (deficiency) to fixed charge holders	(96,971,928)	(104,592,928)
Assets subject to floating charge		
Intercompany Debtors	7,702,737	-
Estimated total assets available for preferential creditors	7,702,737	-
Preferential creditors		-
Estimated surplus / (deficiency) to preferential creditors		-
Secondary preferential creditors		-
Estimated surplus / (deficiency) to secondary preferential creditors		-
Estimated prescribed part of net property		-
Estimated total assets for floating charge holders		-
Debt secured by floating charges		(104,592,928)
Estimated surplus / (deficiency) after floating charges		(104,592,928)
Estimated prescribed part of net property (brought down)		-
Total assets available to unsecured creditors		-
Unsecured non-preferential claims		(2,234,422)
Estimated surplus / (deficiency) to non-preferential creditors		(2,234,422)
Shortfall to floating charge holders (brought down)		(104,592,928)
Estimated surplus / (deficiency) to creditors		(106,827,350)
Called up share capital		(1)
Estimated surplus / (deficiency) to members		(106,827,351)

Directors' notes/comments

1. Stewart Milne Homes Central Scotland (Developments) Limited has joint liability of the BOS facility and the full outstanding bank borrowings (including accrued interest) have been included in the guarantor companies on that basis.



Appendices  
Appendix B

Statement of Affairs  
SMH (Arbroath) Ltd

The Statement of Affairs as summarised on this page was prepared and provided by Robert Fraser Park.



Directors' summary Statement of Affairs - SMH (Arbroath) Ltd

£	Book value	Estimated to realise
Assets subject to fixed charge		
None	-	-
Less: monies due to fixed charge holders	(108,123,405)	(108,123,405)
Estimated surplus / (deficiency) to fixed charge holders	(108,123,405)	(108,123,405)
Assets subject to floating charge		
Amounts due by subsidiaries	302	-
Estimated total assets available for preferential creditors	302	-
Preferential creditors		-
Estimated surplus / (deficiency) to preferential creditors		-
Secondary preferential creditors		-
Estimated surplus / (deficiency) to secondary preferential creditors		-
Estimated prescribed part of net property		-
Estimated total assets for floating charge holders		-
Debt secured by floating charges		(108,123,405)
Estimated surplus / (deficiency) after floating charges		(108,123,405)
Estimated prescribed part of net property (brought down)		-
Total assets available to unsecured creditors		-
Unsecured non-preferential claims		-
Estimated surplus / (deficiency) to non-preferential creditors		-
Shortfall to floating charge holders (brought down)		(108,123,405)
Estimated surplus / (deficiency) to creditors		(108,123,405)
Called up share capital		(2)
Estimated surplus / (deficiency) to members		(108,123,407)

Directors' notes/comments

1. Stewart Milne Homes (Arbroath) Limited has joint liability of the BOS facility and the full outstanding bank borrowings (including accrued interest) have been included in the guarantor companies on that basis.



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Appendix B

Statement of Affairs  
SMH (Auchterarder) Ltd

The Statement of Affairs as summarised on this page was prepared and provided by Robert Fraser Park.



Directors' summary Statement of Affairs - SMH (Auchterarder) Ltd

£	Book value	Estimated to realise
Assets subject to fixed charge		
Land and WIP	8,275,962	1,103,815
Less: monies due to fixed charge holders	(107,939,380)	(107,939,380)
Estimated surplus / (deficiency) to fixed charge holders	(99,663,418)	(106,835,565)
Assets subject to floating charge		
Amounts due from subsidiaries	26,975,792	-
Group tax relief	724,450	-
Deferred tax	100,560	-
Trade debtor	256,170	-
Other debtor	6,682	-
Estimated total assets available for preferential creditors	28,063,654	-
Preferential creditors		-
Estimated surplus / (deficiency) to preferential creditors		-
Secondary preferential creditors		-
Estimated surplus / (deficiency) to secondary preferential creditors		-
Estimated prescribed part of net property		-
Estimated total assets for floating charge holders		-
Debt secured by floating charges		(106,835,565)
Estimated surplus / (deficiency) after floating charges		(106,835,565)
Estimated prescribed part of net property (brought down)		-
Total assets available to unsecured creditors		-
Unsecured non-preferential claims		(11,949,080)
Estimated surplus / (deficiency) to non-preferential creditors		(11,949,080)
Shortfall to floating charge holders (brought down)		(106,835,565)
Estimated surplus / (deficiency) to creditors		(118,784,645)
Called up share capital		(378,840)
Estimated surplus / (deficiency) to members		(119,163,485)

Directors' notes/comments

1. Stewart Milne Homes (Auchterarder) Limited has joint liability of the BOS facility and the full outstanding bank borrowings (including accrued interest) have been included in the guarantor companies on that basis.



Appendices  
Appendix B

Statement of Affairs  
SMH (Kirkton) Ltd

The Statement of Affairs as summarised on this page was prepared and provided by Robert Fraser Park.



Directors' summary Statement of Affairs - SMH (Kirkton) Ltd

£	Book value	Estimated to realise
Assets subject to fixed charge		
Stock	750,649	330,791
Less: monies due to fixed charge holders	(107,939,380)	(107,939,380)
Estimated surplus / (deficiency) to fixed charge holders	(107,188,731)	(107,608,588)
Assets subject to floating charge		
Amounts due from subsidiaries	8,599,832	-
Group tax relief	219,078	-
Estimated total assets available for preferential creditors	8,818,910	-
Preferential creditors		-
Estimated surplus / (deficiency) to preferential creditors		-
Secondary preferential creditors		-
Estimated surplus / (deficiency) to secondary preferential creditors		-
Estimated prescribed part of net property		-
Estimated total assets for floating charge holders		-
Debt secured by floating charges		(107,608,588)
Estimated surplus / (deficiency) after floating charges		(107,608,588)
Estimated prescribed part of net property (brought down)		-
Total assets available to unsecured creditors		-
Unsecured non-preferential claims		(5,763,799)
Estimated surplus / (deficiency) to non-preferential creditors		(5,763,799)
Shortfall to floating charge holders (brought down)		(107,608,588)
Estimated surplus / (deficiency) to creditors		(113,372,387)
Called up share capital		(2)
Estimated surplus / (deficiency) to members		(113,372,389)

Directors' notes/comments

1. Stewart Milne Homes (Kirkton) Limited has joint liability of the BOS facility and the full outstanding bank borrowings (including accrued interest) have been included in the guarantor companies on that basis.



Appendices  
Appendix C

SMGL



Stewart Milne Group Limited			
Joint Administrators' receipts and payments account			
08 January 2024 to 07 February 2024			
£	SoA values	Notes	To date
Receipts			
Land & WIP	1,056,859		-
Funding from BoS		1	50,000
Total receipts	-		50,000
Fixed charge payments			
Other Property Expenses			3,467
Total fixed charge payments			3,467
Fixed charge balance			46,533
Floating charge receipts			
Funding from BoS		1	800,000
Re-imbursement of SMHNWE (Dev) Ltd expenses		2	282,406
Land & WIP	500,000		-
Part exchange	662,819	3	75,736
Trade debtors	225,268		-
Other debtors	439,198		-
Prepayments and accrued income	136,459		-
Bank interest			580
Total floating charge receipts	1,963,744		1,158,722
Floating charge payments			
Wages & Salaries		4	422,365
Employee expenses			3,582
Costs paid on behalf of Nuttall Construction		5	158,457
Funding transfer to SMHCS (Dev) Ltd		1	3,000
Funding transfer to SMH (Arbroath) Ltd		1	3,000
Funding transfer to SMH (Auchterarder) Ltd		1	3,000
Funding transfer to SMHCS Ltd		1	3,000
IT & telephone		6	13,668
Statutory Advertising			119
Ransom payment		7	9,075
Total floating charge payments			619,266
Floating charge balance			539,456
Total balance (fixed and floating)			585,989
Made up of:			
VAT suspense account		8	(52,901)
Fixed charge bank account			48,184
Floating charge bank account			594,289
Trade Creditors		9	(3,583)
Balance in hand			585,989

Notes to the receipts and payments account

A receipts and payments account is provided opposite, detailing the transactions since our appointment on 8 January 2024.

Receipts

1. Funding from BoS

As detailed on page 14, BoS has made funding available to the Companies for the purposes of discharging expenses of the administrations and other specified costs. For administrative purposes, drawdowns are made through SMGL and funds are then transferred, as required, to the other entities. During the report period £850,000 was received by SMGL, of which £12,000 was transferred to other entities.

2. Re-imbursement of SMHNWE (Dev.) Ltd expenses

As noted on page 7, Joint Administrators from BDO have been appointed over SMHNWE (Dev.) Ltd and funds have been provided to re-imburse SMGL for the cost of employees aligned solely with SMHNWE (Dev.) Ltd. A TSA has also been drafted to agree funding for other shared services.

3. Part exchange

Amounts totalling £75.7k have been received in relation to a PX property owned by SMGL.

Payments

4. Wages & Salaries

Included within wages & salaries is £178.7k of wages that have been paid to employees who are only aligned to SMHNWE (Dev.) Ltd. SMGL has been re-imbursed for £174.8k of this expense, as well as related HMRC and pension liabilities. These liabilities will be paid by 22 and 19 February respectively and are therefore not presented in the adjacent table.

The remaining £3.9k and any future costs relating to SMHNWE (Dev.) Ltd. aligned employees have been/will be paid on the basis that these costs will be funded.



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Appendix C

SMGL

Notes to receipts and payments account (continued)

**5. Costs paid on behalf of Nuttall Construction (“Nuttall”)**

Nuttall is an indirect subsidiary of SMGL but is not in administration and therefore is not under the management of the Joint Administrators.. At the date of the Joint Administrators' appointment, re-cladding works instructed by Nuttall were part-complete at a property in Manchester. BoS made available an amount of funding to finish these works, which are expected to be completed in coming weeks. To date, funding of £158.5k has been provided from SMGL to meet the cost of works instructed by Nuttall.

**6. IT & telephone**

Costs totalling £13.7k were incurred and invoiced during the period. These costs relate to data and network providers required in order to maintain the Group's IT infrastructure.

**7. Ransom payment**

£9.1k relating to pre-appointment arrears was paid to a critical supplier in order to maintain continued supply.

**8. VAT suspense account**

All sums shown opposite are shown net of VAT. The VAT suspense account reflects input/output tax that may be recoverable/(payable) from payments made/(received) in the administrations. The extent to which input VAT is recoverable is subject to ongoing discussions with HMRC regarding the Companies' partial exemption status. Where VAT is recoverable/(payable), this will be accounted for to HMRC in due course.

**9. Trade creditors**

Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

**Rounding note**

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.





Appendices  
Appendix C

SMHCS Ltd



Stewart Milnes Homes Central Scotland Limited Joint Administrators' receipts and payments account 08 January 2024 to 07 February 2024			
£	SoA values	Notes	To date
Fixed charge receipts			
Land & WIP	7,440,784		-
Funding transfer from SMGL	-	1	1,500
Total fixed charge receipts	7,440,784		1,500
Fixed charge payments			
Other Property Expenses		2	1,412
Total fixed charge payments			1,412
Fixed charge balance			88
Floating charge receipts			
Land & WIP	772,770		-
Part Exchanges	691,197		-
Sales Ledger	53,226		-
Other Trade Debtors	141,882		-
Funding transfer from SMGL	-	1	1,500
Total floating charge receipts	1,659,075		1,500
Floating charge payments			
Statutory Advertising		2	119
Total floating charge payments			119
Floating charge balance			1,381
Total balance (fixed and floating)			1,469
Made up of:			
VAT suspense account		3	306
Fixed charge bank account			240
Floating charge bank account			1,500
Trade Creditors		4	(577)
Balance in hand			1,469

Notes to the receipts and payments account

A receipts and payments account is provided opposite, detailing the transactions since our appointment on 8 January 2024.

Notes to receipts and payments account

1. Receipts

As detailed on page 14, BoS has granted a loan facility to the Companies for the purposes of discharging expenses of the administrations and other specified costs. For administrative purposes, drawdowns are made through SMGL and funds are then transferred, as required, to the other entities. During the report period £3,000 was received by SMHCS Ltd.

2. Payments

Costs totalling £1,412 were incurred and invoiced during the period in relation to on-site repairs and site security.

3. VAT

All sums shown opposite are shown net of VAT. VAT suspense account reflects input/output tax that may be recoverable/(payable) from payments made/(received) in the administrations. The extent to which input VAT is recoverable is subject to ongoing discussions with HMRC regarding the Companies' partial exemption status. Where VAT is recoverable/(payable), this will be accounted for to HMRC in due course.

4. Trade creditors

Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.



Appendices  
Appendix C

SMHCS (Dev.) Ltd

Stewart Milnes Homes Central Scotland (Developments) Limited Joint Administrators' receipts and payments account 08 January 2024 to 07 February 2024			
£	SoA values	Notes	To date
Fixed charge receipts			
Land & WIP	3,346,452		-
Funding transfer from SMGL	-	1	2,000
Total fixed charge receipts	3,346,452		2,000
Fixed charge payments			
Other Property Expenses		2	1,709
Total fixed charge payments			1,709
Fixed charge balance			291
Floating charge receipts			
Funding transfer from SMGL	-	1	1,000
Total floating charge receipts	-		1,000
Floating charge payments			
Statutory Advertising		2	119
Total floating charge payments			119
Floating charge balance			881
Total balance (fixed and floating)			1,172
Made up of:			
VAT suspense account		3	366
Fixed charge bank account			2,000
Floating charge bank account			1,000
Trade Creditors		4	(2,194)
Balance in hand			1,172

Notes to the receipts and payments account

A receipts and payments account is provided opposite, detailing the transactions since our appointment on 8 January 2024.

Notes to receipts and payments account

1. Receipts

As detailed on page 14, BoS has granted a loan facility to the Companies for the purposes of discharging expenses of the administrations and other specified costs. For administrative purposes, drawdowns are made through SMGL and funds are then transferred, as required, to the other entities. During the report period £3,000 was received by SMHCS (Dev.) Ltd.

2. Payments

Costs totalling £1,709 were incurred and invoiced during the Period in relation to on-site repairs and site security.

3. VAT

All sums shown opposite are shown net of VAT. VAT suspense account reflects input/output tax that may be recoverable/(payable) from payments made/(received) in the administrations. The extent to which input VAT is recoverable is subject to ongoing discussions with HMRC regarding the Companies' partial exemption status. Where VAT is recoverable/(payable), this will be accounted for to HMRC in due course.

4. Trade creditors

Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.





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Appendix C

SMH (Arbroath) Ltd

Stewart Milne Homes (Arbroath) Limited			
Joint Administrators' receipts and payments account			
08 January 2024 to 07 February 2024			
£	SoA values	Notes	To date
Fixed charge receipts			
Funding transfer from SMGL	-		-
Total fixed charge receipts	-		-
Fixed charge payments			
Total fixed charge payments			-
Fixed charge balance			-
Floating charge receipts			
Funding transfer from SMGL	-	1	3,000
Total floating charge receipts	-		3,000
Floating charge payments			
Statutory Advertising		2	119
Total floating charge payments			119
Floating charge balance			2,881
Total balance (fixed and floating)			2,881
Made up of:			
VAT suspense account		3	24
Fixed charge bank account			-
Floating charge bank account			3,000
Trade Creditors		4	(143)
Balance in hand			2,881

Notes to the receipts and payments account

A receipts and payments account is provided opposite, detailing the transactions since our appointment on 08 January 2024.

Notes to receipts and payments account

1. Receipts

As detailed on page 14, BoS has granted a loan facility to the Companies for the purposes of discharging expenses of the administrations and other specified costs. For administrative purposes, drawdowns are made through SMGL and funds are then transferred, as required, to the other entities. During the report period £3,000 was received by SMH (Arbroath).

The Directors' Statement of Affairs estimated £nil realisable value from assets held by SMH (Arbroath) Ltd., as such no assets with SoA values have been presented in the R&P.

2. Payments

While costs such as legal fees and site security expenses have been incurred in the administration of SMH (Arbroath) Ltd, at the date of these Proposals, these costs have not yet been invoiced, as such they are not presented in the adjacent table. Our next report will provide further detail on costs.

3. Trade creditors

Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

4. VAT

All sums shown opposite are shown net of VAT. VAT suspense account reflects input/output tax that may be recoverable/(payable) from payments made/(received) in the administrations. The extent to which input VAT is recoverable is subject to ongoing discussions with HMRC regarding the Companies' partial exemption status. Where VAT is recoverable/(payable), this will be accounted for to HMRC in due course.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.





Appendices  
Appendix C

SMH (Auchterarder) Ltd



Stewart Milne Homes (Auchterarder) Limited  
Joint Administrators' receipts and payments account  
08 January 2024 to 07 February 2024

£	SoA values	Notes	To date
Fixed charge receipts			
Stock	8,275,962		-
Funding transfer from SMGL	-	1	1,500
Total fixed charge receipts	8,275,962		1,500
Fixed charge payments			
Other Property Expenses		2	287
Total fixed charge payments			287
Fixed charge balance			1,213
Floating charge receipts			
Funding transfer from SMGL	-	1	1,500
Total floating charge receipts	-		1,500
Floating charge payments			
Statutory Advertising		2	119
Total floating charge payments			119
Floating charge balance			1,381
Total balance (fixed and floating)			2,594
Made up of:			
VAT suspense account		3	81
Fixed charge bank account			1,155
Floating charge bank account			1,500
Trade Creditors		4	(143)
Balance in hand			2,594

Notes to the receipts and payments account

A receipts and payments account is provided opposite, detailing the transactions since our appointment on 8 January 2024.

Notes to receipts and payments account

1. Receipts

As detailed on page 14, BoS has granted a loan facility to the Companies for the purposes of discharging expenses of the administrations and other specified costs. For administrative purposes, drawdowns are made through SMGL and funds are then transferred, as required, to the other entities. During the report period £3,000 was received by SMH (Auchterarder).

2. Payments

Costs totalling £287 were incurred and invoiced during the Period in relation to on-site repairs. While additional costs such as legal fees and site security expenses have been incurred in the administration of SMH (Auchterarder) Ltd, at the date of these Proposals, these costs have not yet been invoiced, as such they are not presented in the adjacent table. Our next report will provide further detail on costs.

3. VAT

All sums shown opposite are shown net of VAT. VAT suspense account reflects input/output tax that may be recoverable/(payable) from payments made/(received) in the administrations. The extent to which input VAT is recoverable is subject to ongoing discussions with HMRC regarding the Companies' partial exemption status. Where VAT is recoverable/(payable), this will be accounted for to HMRC in due course.

4. Trade creditors

Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.



Appendices  
Appendix C

SMH (Kirkton) Ltd

Stewart Milne Homes (Kirkton) Limited  
Joint Administrators' receipts and payments account  
08 January 2024 to 07 February 2024

£	SoA values	Notes	To date
Fixed charge receipts			
Stock	330,791	1	-
Total fixed charge receipts	330,791		-
Fixed charge payments			
Total fixed charge payments		2	-
Fixed charge balance			-
Floating charge receipts		1	
Total floating charge receipts	-		-
Floating charge payments			
Statutory Advertising		2	119
Total floating charge payments			119
Floating charge balance			(119)
Total balance (fixed and floating)			(119)
Made up of:			
VAT suspense account		3	24
Fixed charge bank account			-
Floating charge bank account			-
Trade Creditors		4	(143)
Balance in hand			(119)

Notes to the receipts and payments account

A receipts and payments account is provided opposite, detailing the transactions since our appointment on 8 January 2024.

Notes to receipts and payments account

1. Receipts

No receipts have been received during the Period. To the extent that payments are due prior to realisations from assets, drawdowns will be made under the BoS Loan Facility discussed on page 14 to fund costs.

2. Payments

Costs totalling £119 were incurred and invoiced during the Period in relation to statutory advertising. While additional costs such as legal fees and site security expenses have been incurred in the administration of SMH (Kirkton) Ltd, at the date of these Proposals, these costs have not yet been invoiced, as such they are not presented in the adjacent table. Our next report will provide further detail on costs.

3. VAT

All sums shown opposite are shown net of VAT. VAT suspense account reflects input/output tax that may be recoverable/(payable) from payments made/(received) in the administrations. The extent to which input VAT is recoverable is subject to ongoing discussions with HMRC regarding the Companies' partial exemption status. Where VAT is recoverable/(payable), this will be accounted for to HMRC in due course.

4. Trade creditors

Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.





Appendices  
Appendix D



**Joint Administrators' time costs incurred to date**

As indicated at page 25, we intend to ask the Companies' secured and preferential creditors to fix our fees on a time costs basis. An analysis showing our time costs to 7 February 2024 and the average hourly charge for each category of work undertaken to 7 February 2024 is shown on the subsequent pages for each of the Companies. The work undertaken has been categorised into the following task headings:

**Statutory Tasks, Administration and Planning**

Some of the work we perform is required by statute or best practice guidance and will not result in any financial benefit for creditors other than to ensure that our work is conducted in a competent and compliant manner.

Such work includes but is not limited to matters such as case set up for 6 cases, periodic case reviews, cashiering and bank reconciliations, statutory progress reporting, VAT and tax returns. In addition, specific issues such as data protection, health and safety. As indicated earlier, on current information it is expected that extensions may be needed in order to agree unsecured claims and pay PP distributions in SMGL and SMHCS (in the event that floating charge asset realisations in these entities are sufficient to enable a PP distribution). The duration of the SMHCS (Dev.) Ltd, SMH (Arbroath) Ltd, SMH (Auchterarder) Ltd and SMH (Kirkton) Ltd administrations is not currently considered likely to exceed 12 months at this stage, however updates will be provided in future reports to creditors

**Investigations**

Enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Companies.

**Closure of trading**

Matters relating to the closure of trade such as:

- Securing and making safe partially completed sites;
- Ensuring adequate insurance coverage in place;
- Securing the three leasehold offices occupied by the Companies; and
- Dealing with current homeowners and reserved or missed customer enquiries together with liaising with the NHBC with respect to builders warranties.

**Realisation of Assets**

- Commenced a sales process to realise value from the 10 partially completed sites;
- Obtained information on strategic land options and other non-operational owned land and considered strategy for realisation in preparation for a sales process;
- Dealing with PX properties to be sold; and
- Identifying chattel assets and liaising with independent valuer on prospects for realisable value.

**Creditors**

- Providing support to the employees in making claims for unpaid amounts via the RPS.
- Assisting the RPS with information requests to ensure employee claims are processed as soon as possible.
- Answering queries from current homeowners regarding snagging and liaison with NHBC.
- Answering queries from the Companies' creditors in relation to amounts outstanding.

**Case specific matters**

- Collating information in relation to the VAT group registration and tax affairs of the Companies.
- Liaising with and reporting to BoS in respect of funding utilisation and requirements.



Appendices  
Appendix D

SMGL

Joint Administrators' time costs incurred to 7 February 2024

	Senior Managing Directors & Directors		Associate Directors		Managers		Consultants		Associate Consultants & Support		TOTAL		Average rate/h Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning													
Cashiering and Statutory Filing	1.6	2,032.0	7.2	7,488.0	-	-	1.8	1,359.0	17.3	7,512.0	27.9	18,391.0	659.2
Case Management and Closure	52.1	67,321.7	14.5	15,080.0	11.1	10,473.7	69.7	52,623.5	7.9	3,476.0	155.3	148,974.9	959.3
Initial Actions	8.3	10,940.0	0.3	312.0	17.7	16,742.2	13.0	9,840.2	2.5	1,100.0	41.8	38,934.4	930.3
General Reporting	0.1	127.0	-	-	5.9	5,622.7	9.3	7,021.5	1.0	440.0	16.3	13,211.2	808.0
	62.1	80,420.7	22.0	22,880.0	34.7	32,838.7	93.8	70,844.2	28.7	12,528.0	241.4	219,511.5	905.3
Investigations													
Investigations	47.4	60,397.5	6.7	6,968.0	0.5	472.5	5.5	4,152.5	0.3	132.0	60.4	72,122.5	1,194.1
	47.4	60,397.5	6.7	6,968.0	0.5	472.5	5.5	4,152.5	0.3	132.0	60.4	72,122.5	1,194.1
Trading													
Closure of Trade	80.3	106,557.5	137.6	143,104.0	147.5	139,371.7	110.3	83,046.3	20.5	9,020.0	496.1	481,099.5	969.7
	80.3	106,557.5	137.6	143,104.0	147.5	139,371.7	110.3	83,046.3	20.5	9,020.0	496.1	481,099.5	969.7
Realisation of Assets													
Other Assets (e.g. Stock)	14.1	18,022.5	7.3	7,540.0	5.9	5,575.5	54.3	40,996.5	0.7	308.0	82.3	72,442.5	880.8
Chattel Assets	2.1	2,667.0	-	-	2.6	2,504.2	-	-	-	-	4.7	5,171.2	1,088.7
Property - Freehold and Leasehold	63.2	80,631.5	-	-	10.3	9,733.5	22.8	17,063.0	-	-	96.1	107,428.0	1,117.9
Retention of Title	1.1	1,449.5	9.9	10,296.0	-	-	2.5	1,887.5	-	-	13.5	13,633.0	1,009.9
Sale of Business / Assets	28.5	36,982.5	53.8	55,952.0	74.0	69,930.0	16.0	12,080.0	-	-	172.3	174,944.5	1,015.3
Third Party Assets	-	-	-	-	-	-	26.0	19,630.0	-	-	26.0	19,630.0	755.0
	109.0	139,753.0	71.0	73,788.0	92.8	87,743.2	121.4	91,657.0	0.7	308.0	394.9	393,249.7	995.8
Creditors													
Employees	14.1	18,085.0	20.5	21,320.0	13.4	12,604.5	36.1	27,217.8	-	-	84.0	79,227.3	943.7
Secured	7.2	9,900.0	1.0	1,040.0	-	-	-	-	-	-	8.2	10,940.0	1,334.1
Unsecured	14.9	19,195.5	6.2	6,448.0	3.8	3,591.0	68.8	51,944.0	6.8	2,992.0	100.5	84,170.5	837.9
	36.1	47,180.5	27.7	28,808.0	17.2	16,195.5	104.9	79,161.8	6.8	2,992.0	192.6	174,337.8	905.2
Case Specific Matters													
Pensions	-	-	1.0	1,040.0	-	-	-	-	-	-	1.0	1,040.0	1,040.0
VAT	8.2	10,346.5	3.9	4,058.0	-	-	-	-	-	-	12.1	14,402.5	1,190.3
Tax	1.3	1,651.0	1.2	1,248.0	0.5	472.5	3.5	2,642.5	-	-	6.5	6,014.0	925.2
	9.5	11,997.5	6.1	6,344.0	0.5	472.5	3.5	2,642.5	-	-	19.6	21,456.5	1,094.7
TOTAL HOURS & COST	344.4	446,306.7	271.1	281,892.0	293.2	277,094.2	439.3	331,504.2	57.0	24,980.0	1,405.0	1,361,777.0	969.2
AVERAGE RATE/HOUR PER GRADE		1,295.8		1,040.0		945.0		754.6		438.2			

Time incurred in relation to the active sites covers multiple workstreams and as such is reflected above within other assets, property and sale of business/assets lines.





Appendices  
Appendix D

SMHCS Ltd

Joint Administrators' time costs incurred to 7 February 2024

	Senior Managing Directors & Directors		Associate Directors		Managers		Consultants		Associate Consultants & Support		TOTAL		Average rate/h Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning	-	-	0.6	624.0	-	-	-	-	2.1	924.0	2.7	1,548.0	573.3
Cashiering and Statutory Filing	1.2	1,534.5	7.3	7,592.0	11.6	10,946.3	20.9	15,741.8	2.1	924.0	43.0	36,738.5	853.7
Case Management and Closure	1.0	1,291.0	-	-	15.0	14,127.8	3.1	2,327.9	-	-	19.0	17,746.7	932.4
Initial Actions	2.2	2,825.5	7.8	8,216.0	26.5	25,074.0	23.9	18,069.7	4.2	1,848.0	64.8	56,033.2	865.2
Investigations	0.1	127.0	4.9	5,096.0	-	-	0.3	226.5	-	-	5.3	5,449.5	1,028.2
Investigations	0.1	127.0	4.9	5,096.0	-	-	0.3	226.5	-	-	5.3	5,449.5	1,028.2
Trading	0.4	508.0	-	-	0.8	756.0	-	-	-	-	1.2	1,264.0	1,053.3
Day 1 Control of Trading	10.2	12,901.0	0.6	624.0	12.5	11,796.7	27.9	21,064.5	-	-	51.1	46,386.2	907.2
Closure of Trade	10.6	13,409.0	0.6	624.0	13.3	12,552.7	27.9	21,064.5	-	-	52.3	47,650.2	910.5
Realisation of Assets	2.6	3,302.0	2.2	2,288.0	-	-	13.4	10,117.0	-	-	18.2	16,707.0	863.0
Other Assets (e.g. Stock)	-	-	-	-	1.5	1,417.5	-	-	-	-	1.5	1,417.5	945.0
Chattel Assets	11.7	14,806.0	-	-	-	-	14.4	10,872.0	-	-	26.1	25,678.0	965.7
Property - Freehold and Leasehold	-	-	-	-	-	-	1.0	755.0	-	-	1.0	755.0	755.0
Retention of Title	1.2	1,660.0	32.1	33,384.0	15.8	14,893.8	-	-	-	-	49.1	49,917.8	1,017.7
Sale of Business / Assets	15.5	19,758.0	34.3	35,672.0	17.3	16,301.3	28.8	21,744.0	-	-	95.8	93,475.3	975.7
Creditors	-	-	0.8	832.0	-	-	-	-	-	-	0.8	832.0	1,040.0
Secured	6.9	8,763.0	4.3	4,472.0	2.7	2,551.5	38.7	29,218.5	3.5	1,540.0	56.1	46,545.0	829.7
Unsecured	6.9	8,763.0	5.1	5,304.0	2.7	2,551.5	38.7	29,218.5	3.5	1,540.0	56.9	47,377.0	832.6
Case Specific Matters	-	-	0.7	728.0	-	-	-	-	-	-	0.7	728.0	1,040.0
VAT	-	-	0.1	104.0	-	-	-	-	-	-	0.1	104.0	1,040.0
Tax	-	-	0.8	832.0	-	-	-	-	-	-	0.8	832.0	1,040.0
TOTAL HOURS & COST	35.2	44,882.5	53.6	55,744.0	59.8	56,479.5	119.6	90,323.2	7.7	3,388.0	275.9	250,817.2	909.1
AVERAGE RATE/HOUR PER GRADE		1,275.1		1,040.0		945.0		755.0		440.0			

Time incurred in relation to the active sites covers multiple workstreams and as such is reflected above within other assets, property and sale of business/assets lines.





Appendices  
Appendix D

SMHCS (Dev.) Ltd

Joint Administrators' time costs incurred to 7 February 2024

	Senior Managing Directors & Directors		Associate Directors		Managers		Consultants		Associate Consultants & Support		TOTAL		Average rate/h Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning													
Cashiering and Statutory Filing	-	-	1.0	1,040.0	-	-	0.2	151.0	0.8	352.0	2.0	1,543.0	771.5
Case Management and Closure	1.2	1,534.5	5.7	5,928.0	5.6	5,339.2	11.5	8,682.5	3.7	1,628.0	27.7	23,112.2	832.9
Initial Actions	1.4	1,795.0	-	-	13.6	12,899.2	6.8	5,096.3	2.5	1,100.0	24.3	20,394.5	859.9
General Reporting	0.1	127.0	-	-	4.0	3,827.2	-	-	1.0	440.0	5.1	4,394.2	853.3
	2.7	3,460.5	6.7	6,968.0	23.3	22,065.7	18.5	13,929.8	8.0	3,520.0	59.2	49,944.0	843.6
Investigations													
Investigations	0.3	381.0	4.9	5,096.0	-	-	0.3	226.5	-	-	5.5	5,703.5	1,037.0
	0.3	381.0	4.9	5,096.0	-	-	0.3	226.5	-	-	5.5	5,703.5	1,037.0
Trading													
Closure of Trade	11.8	15,017.5	1.8	1,872.0	8.6	8,095.5	33.4	25,217.0	-	-	55.6	50,202.0	903.5
	11.8	15,017.5	1.8	1,872.0	8.6	8,095.5	33.4	25,217.0	-	-	55.6	50,202.0	903.5
Realisation of Assets													
Other Assets (e.g. Stock)	1.7	2,158.0	2.1	2,184.0	1.1	1,086.7	17.8	13,439.0	-	-	22.7	18,868.7	829.4
Property - Freehold and Leasehold	11.1	14,128.5	-	-	-	-	-	-	-	-	11.1	14,128.5	1,272.8
Sale of Business / Assets	2.2	3,025.0	17.5	18,200.0	30.3	28,586.3	-	-	-	-	50.0	49,811.3	997.2
	15.0	19,312.5	19.6	20,384.0	31.4	29,673.0	17.8	13,439.0	-	-	83.8	82,808.5	988.2
Creditors													
Secured	-	-	0.8	832.0	-	-	-	-	-	-	0.8	832.0	1,040.0
Unsecured	8.9	11,239.5	6.2	6,448.0	3.9	3,669.7	19.3	14,571.5	5.4	2,376.0	43.6	38,304.7	877.9
	8.9	11,239.5	7.0	7,280.0	3.9	3,669.7	19.3	14,571.5	5.4	2,376.0	44.4	39,136.7	880.8
Case Specific Matters													
VAT	-	-	0.7	728.0	-	-	-	-	-	-	0.7	728.0	1,040.0
Tax	-	-	0.1	104.0	-	-	-	-	-	-	0.1	104.0	1,040.0
	-	-	0.8	832.0	-	-	-	-	-	-	0.8	832.0	1,040.0
TOTAL HOURS & COST	38.7	49,411.0	40.8	42,432.0	67.2	63,503.9	89.3	67,383.8	13.4	5,896.0	249.3	228,626.7	917.1
AVERAGE RATE/HOUR PER GRADE		1,278.4		1,040.0		945.0		755.0		440.0			

Time incurred in relation to the active sites covers multiple workstreams and as such is reflected above within other assets, property and sale of business/assets lines.





Appendices  
Appendix D

SMH (Arbroath) Ltd

Joint Administrators' time costs incurred to 7 February 2024													
	Senior Managing Directors & Directors		Associate Directors		Managers		Consultants		Associate Consultants & Support		TOTAL		Average rate/h
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Administration and Planning	-	-	2.1	2,184.0	-	-	-	-	0.6	264.0	2.7	2,448.0	906.7
Cashiering and Statutory Filing	1.0	1,280.5	6.3	6,552.0	3.1	2,976.7	1.5	1,094.8	4.7	2,068.0	16.6	13,972.0	841.7
Case Management and Closure	1.0	1,291.0	-	-	11.3	10,662.7	5.0	3,775.0	2.5	1,100.0	19.8	16,828.7	850.7
Initial Actions	-	-	-	-	3.1	2,928.5	5.0	3,775.0	-	-	8.1	6,704.5	827.7
General Reporting	-	-	-	-	-	-	-	-	-	-	-	-	-
	2.0	2,571.5	8.4	8,736.0	17.5	16,568.9	11.5	8,644.8	7.8	3,432.0	47.2	39,953.2	846.8
Investigations	-	-	-	-	-	-	-	-	-	-	-	-	-
Investigations	0.4	508.0	4.7	4,888.0	-	-	0.2	151.0	-	-	5.3	5,547.0	1,046.6
	0.4	508.0	4.7	4,888.0	-	-	0.2	151.0	-	-	5.3	5,547.0	1,046.6
Trading	-	-	-	-	-	-	-	-	-	-	-	-	-
Closure of Trade	0.5	635.0	0.6	624.0	2.8	2,693.2	10.0	7,550.0	-	-	13.9	11,502.2	824.5
	0.5	635.0	0.6	624.0	2.8	2,693.2	10.0	7,550.0	-	-	13.9	11,502.2	824.5
Realisation of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets (e.g. Stock)	1.8	2,286.0	2.1	2,184.0	0.4	393.7	-	-	-	-	4.3	4,863.7	1,126.7
Property - Freehold and Leasehold	6.3	8,001.0	-	-	-	-	-	-	-	-	6.3	8,001.0	1,270.0
Retention of Title	-	-	-	-	-	-	1.0	755.0	-	-	1.0	755.0	755.0
Sale of Business / Assets	-	-	13.5	14,040.0	-	-	-	-	-	-	13.5	14,040.0	1,040.0
	8.1	10,287.0	15.6	16,224.0	0.4	393.7	1.0	755.0	-	-	25.1	27,659.7	1,101.3
Creditors	-	-	-	-	-	-	-	-	-	-	-	-	-
Secured	-	-	0.8	832.0	-	-	-	-	-	-	0.8	832.0	1,040.0
Unsecured	8.7	10,985.5	4.5	4,680.0	2.7	2,583.0	10.1	7,625.5	5.0	2,200.0	31.0	28,074.0	906.1
	8.7	10,985.5	5.3	5,512.0	2.7	2,583.0	10.1	7,625.5	5.0	2,200.0	31.8	28,906.0	909.5
Case Specific Matters	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	-	-	0.5	520.0	-	-	-	-	-	-	0.5	520.0	1,040.0
Tax	-	-	0.1	104.0	-	-	-	-	-	-	0.1	104.0	1,040.0
	-	-	0.6	624.0	-	-	-	-	-	-	0.6	624.0	1,040.0
TOTAL HOURS & COST	19.7	24,987.0	35.2	36,608.0	23.5	22,238.9	32.8	24,726.3	12.8	5,632.0	123.9	114,192.2	921.4
AVERAGE RATE/HOUR PER GRADE		1,271.6		1,040.0		945.0		755.0		440.0			

Time incurred in relation to the active sites covers multiple workstreams and as such is reflected above within other assets, property and sale of business/assets lines.





Appendices  
Appendix D

SMH (Auchterarder) Ltd

Joint Administrators' time costs incurred to 7 February 2024

	Senior Managing Directors & Directors		Associate Directors		Managers		Consultants		Associate Consultants & Support		TOTAL		Average rate/h Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning													
Cashiering and Statutory Filing	-	-	1.2	1,248.0	-	-	-	-	1.0	440.0	2.2	1,688.0	767.3
Case Management and Closure	0.9	1,153.5	5.8	6,032.0	3.1	2,976.7	11.5	8,644.8	3.7	1,628.0	25.0	20,435.0	817.4
Initial Actions	1.0	1,291.0	-	-	11.3	10,662.7	-	-	2.5	1,100.0	14.8	13,053.7	883.0
General Reporting	0.1	127.0	-	-	3.1	2,929.5	-	-	1.0	440.0	4.2	3,496.5	832.5
	2.0	2,571.5	7.0	7,280.0	17.5	16,568.2	11.5	8,644.8	8.2	3,608.0	46.2	38,673.2	837.4
Investigations													
Investigations	0.4	508.0	4.7	4,888.0	-	-	0.2	151.0	-	-	5.3	5,547.0	1,046.6
	0.4	508.0	4.7	4,888.0	-	-	0.2	151.0	-	-	5.3	5,547.0	1,046.6
Trading													
Closure of Trade	0.6	762.0	0.4	416.0	2.8	2,693.2	7.6	5,738.0	-	-	11.4	9,609.2	839.2
	0.6	762.0	0.4	416.0	2.8	2,693.2	7.6	5,738.0	-	-	11.4	9,609.2	839.2
Realisation of Assets													
Other Assets (e.g. Stock)	0.6	762.0	2.1	2,184.0	0.4	378.0	-	-	-	-	3.1	3,324.0	1,072.3
Property - Freehold and Leasehold	6.8	8,636.0	-	-	-	-	-	-	-	-	6.8	8,636.0	1,270.0
Sale of Business / Assets	-	-	15.5	16,120.0	-	-	-	-	-	-	15.5	16,120.0	1,040.0
	7.4	9,398.0	17.6	18,304.0	0.4	378.0	-	-	-	-	25.4	28,080.0	1,105.5
Creditors													
Secured	-	-	0.8	832.0	-	-	-	-	-	-	0.8	832.0	1,040.0
Unsecured	9.9	12,509.5	4.2	4,368.0	2.7	2,583.0	11.1	8,380.5	5.1	2,244.0	33.0	30,085.0	912.1
	9.9	12,509.5	5.0	5,200.0	2.7	2,583.0	11.1	8,380.5	5.1	2,244.0	33.8	30,917.0	915.2
Case Specific Matters													
VAT	-	-	0.5	520.0	-	-	-	-	-	-	0.5	520.0	1,040.0
Tax	-	-	0.1	104.0	-	-	-	-	-	-	0.1	104.0	1,040.0
	-	-	0.6	624.0	-	-	-	-	-	-	0.6	624.0	1,040.0
TOTAL HOURS & COST	20.3	25,748.0	35.3	36,712.0	23.5	22,223.2	30.4	22,914.3	13.3	5,852.0	122.7	113,450.4	924.5
AVERAGE RATE/HOUR PER GRADE		1,271.6		1,040.0		945.0		755.0		440.0			

Time incurred in relation to the active sites covers multiple workstreams and as such is reflected above within other assets, property and sale of business/assets lines.





Appendices  
Appendix D

SMH (Kirkton) Ltd

Joint Administrators' time costs incurred to 7 February 2024

	Senior Managing Directors & Directors		Associate Directors		Managers		Consultants		Associate Consultants & Support		TOTAL		Average rate/h Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning													
Cashiering and Statutory Filing	-	-	0.9	936.0	-	-	-	-	0.3	132.0	1.2	1,068.0	890.0
Case Management and Closure	0.9	1,153.5	6.3	6,552.0	1.8	1,701.0	2.3	1,736.5	3.5	1,540.0	14.8	12,683.0	857.0
Initial Actions	0.7	910.0	-	-	10.0	9,450.0	-	-	2.5	1,100.0	13.2	11,460.0	868.2
General Reporting	0.1	127.0	-	-	2.6	2,457.0	-	-	1.0	440.0	3.7	3,024.0	817.3
	1.7	2,190.5	7.2	7,488.0	14.4	13,608.0	2.3	1,736.5	7.3	3,212.0	32.9	28,235.0	858.2
Investigations													
Investigations	0.4	508.0	4.7	4,888.0	-	-	-	-	-	-	5.1	5,396.0	1,058.0
	0.4	508.0	4.7	4,888.0	-	-	-	-	-	-	5.1	5,396.0	1,058.0
Trading													
Closure of Trade	0.5	635.0	-	-	-	-	-	-	-	-	0.5	635.0	1,270.0
	0.5	635.0	-	-	-	-	-	-	-	-	0.5	635.0	1,270.0
Realisation of Assets													
Other Assets (e.g. Stock)	1.2	1,524.0	1.2	1,248.0	-	-	-	-	-	-	2.4	2,772.0	1,155.0
Property - Freehold and Leasehold	5.6	7,112.0	-	-	-	-	-	-	-	-	5.6	7,112.0	1,270.0
	6.8	8,636.0	1.2	1,248.0	-	-	-	-	-	-	8.0	9,884.0	1,235.5
Creditors													
Secured	-	-	0.8	832.0	-	-	-	-	-	-	0.8	832.0	1,040.0
Unsecured	8.6	10,922.0	2.3	2,392.0	2.1	1,984.5	3.7	2,793.5	5.0	2,200.0	21.7	20,292.0	935.1
	8.6	10,922.0	3.1	3,224.0	2.1	1,984.5	3.7	2,793.5	5.0	2,200.0	22.5	21,124.0	938.8
Case Specific Matters													
VAT	-	-	0.1	104.0	-	-	-	-	-	-	0.1	104.0	1,040.0
Tax	-	-	0.1	104.0	-	-	-	-	-	-	0.1	104.0	1,040.0
	-	-	0.2	208.0	-	-	-	-	-	-	0.2	208.0	1,040.0
TOTAL HOURS & COST	18.0	22,891.5	16.4	17,056.0	16.5	15,592.5	6.0	4,530.0	12.3	5,412.0	69.2	65,482.0	946.3
AVERAGE RATE/HOUR PER GRADE		1,271.8		1,040.0		945.0		755.0		440.0			

Time incurred in relation to the active sites covers multiple workstreams and as such is reflected above within other assets, property and sale of business/assets lines.





Appendices  
Appendix D

Teneo charge out rates (£/hr)

Grade	From 1 January 2024
Directors*	1270 - 1375
Associate Directors	1,040
Managers	945
Assistant Managers	755
Other**	440

Directors\* includes Senior Managing Directors, Managing Directors and Directors.  
Other\*\* includes Senior Associate and Associate Consultants

The range of charge out rates for the separate categories of staff is based on our 2024 national charge out rates as summarised above.

All staff (including cashiers) assigned to each case record their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed. Time is charged in six minute units.

Our charge out rates are reviewed annually and last increased on 1 January 2024.





Appendices  
Appendix D1

Category 2 Expenses

Joint Administrators – Category 2 Expenses

As described on page 28, these are payments to us (as officeholder) or our associates or payments which have an element of shared costs. Specific approval is required before these expenses can be drawn from the administration estate.

Our estimate of Category 2 expenses in the administration of the Companies are given below, all figures are shown exclusive of VAT.

Entity	Pre appointment costs (£)
SMGL	2,742
SMH (Arbroath) Ltd	914
SMH (Auchterarder) Ltd	914
SMHCS Ltd	914
SMHCS (Dev.) Ltd	2,742
SMH (Kirkton) Ltd	457
Total	8,683

Mileage is calculated by reference to the mileage properly incurred by the Joint Administrators and their staff, at the prevailing standard mileage rate used by Teneo at the time when the mileage is incurred (currently up to 45p per mile).

We have engaged the services of Teneo S&C, details of which are provided below:

- Teneo S&C were engaged to assist with the preparation and distribution of a press release on appointment and subsequent monitoring of press coverage across all the Companies.
- Their work is charged on a time costs basis, the charge out rates for which are provided below.

Teneo S&C charge out rates (£ per hour)

Grade	01 January 2024
Directors*	1,270-1,375
Associate Director	1,040
Manager	945
Senior Consultant	755
Other**	440

Directors\* includes Senior Managing Directors, Managing Directors and Directors

Other\*\* includes Senior Associate and Associate Consultant





Appendices  
Appendix E

**Joint Administrators' Proposals**

Our Proposals will be deemed approved on 6 March 2023 unless a creditors' decision procedure is requisitioned in accordance with Rules 15.18 and 15.19 of the Rules.

We will still need to obtain specific approval for the resolutions given below from the Companies' secured and preferential creditors:

1. Approval that the basis of the Joint Administrators' remuneration shall be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administration, plus VAT.
2. Approval that the Joint Administrators' category 2 expenses in respect of mileage and other Teneo service line costs be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the administration estate.
3. Approval that the Joint Administrators' pre administration fees and expenses, including legal fees, of £226,071, plus VAT as detailed on page 29 of the Joint Administrators' Proposals be approved and that the Joint Administrators be authorised to draw their pre-administration fees and expenses, plus VAT, from the administration estate.
4. Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Companies.

A creditors' committee will not be formed unless we are requested to hold a decision procedure for purposes of forming a creditor's committee; please refer to page 1 of the Proposals for details of the procedure in this regard.

Please note that if you wish to form a creditors' committee, you will also be expected to confirm your willingness to serve or be represented on the creditors' committee, including dealing with any business placed before the creditors' committee throughout the period of the administration (and in any subsequent liquidation) should a creditors' committee be formed.





Appendices  
Appendix F

Statutory information						
	SMGL	SMHCS	SMHCS (Dev.) Ltd	SMH (Arbroath) Ltd	SMH (Auchterarder) Ltd	SMH (Kirkton) Ltd
Company number	SC057709	SC545400	SC620130	SC115534	SC062886	SC214204
Registered office	c/o Teneo Financial Advisory Limited, 66 Hanover Street, Edinburgh, EH2 1EL					
Trading names	Stewart Milne Homes					
Previous names	N/A					
Court	The Court of Session, Edinburgh					
Court reference	P8/24	P12/24	P11/24	P9/24	P7/24	P10/24
	Robert Park Stewart Milne Stuart	Robert Park Stewart Milne Stuart	Robert Park Stewart Milne Stuart	Robert Park Stewart Milne Stuart	Robert Park Stewart Milne Stuart	Robert Park Stewart Milne Stuart
Company directors	MacGregor Gerald More Clive Fenton Martyn Everett	MacGregor Gerald More	MacGregor Gerald More	MacGregor Gerald More	MacGregor Gerald More	MacGregor Gerald More
Company Secretary	Robert Park					
Directors' shareholdings	Stewart Milne 77.01% - by way of shareholdings in SMGHL					





Appendices

Important notice

Important Notice

This document has been prepared by the Joint Administrators solely to comply with their statutory duty under paragraph 49 of Schedule B1 of the Act to lay before creditors a statement of their Proposals for achieving the purpose of the administrations, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This document has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Companies.

Any estimated outcomes for creditors included in this document are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this document for any purpose or in any context other than under paragraph 49 of Schedule B1 of the Act does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these Proposals.

The Joint Administrators act as agents of the Companies and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Teneo Financial Advisory Limited does not assume any responsibility and will not accept any liability to any person in respect of this document or the conduct of the administration.

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