

Important Announcement to members of the following pension schemes (“the Schemes”)

Mendip RBS Pennines RBS

This is the fourteenth Announcement issued by Dalriada Trustees Limited (Dalriada).

By way of a reminder to members, following Dalriada’s appointment we commenced legal action against the previous trustees and the Hedge Companies, claiming that the investments in Hedge Capital Invest Group (HCIG) were made in breach of trust and that, as such, we had a proprietary claim over the assets of the various Hedge companies. In support of our claim we sought, and obtained, a freezing order in respect of the assets of the Hedge companies. Dalriada sought Court sanction to continue with its claim (through a Beddoe application).

The judgment handed down following the Beddoe hearing in November 2012 is now being made public and a copy can be found on the Pennines and Mendip member page of the Dalriada website (see the link at the end of the Announcement).

Following that hearing, Dalriada lodged its own summary judgment application (that its claim was strong enough to be upheld without going to full trial), but agreed to put that application on hold whilst it attempted to reach a negotiated settlement with Hedge.

As we have reported previously, the negotiation process was drawn out and there were a number of complications to address, but Dalriada remained of the view that settlement was the best course of action and preferable to continuing with legal proceedings, and the Court had encouraged Dalriada to try to achieve settlement.

As we also reported, the settlement, once agreed, would require the sanction of the Court.

Settlement was reached with the Hedge Companies in the autumn of 2016. The key terms of the settlement were:

- Dalriada took ownership of the various Hedge Companies, with the exception of Hedge Capital Limited (the company that made the loans).
- Hedge Capital Limited was placed into Administration and KPMG were appointed as Administrators.
- All legal action was discontinued and agreement was reached on payment of costs to Hedge’s legal advisers.

An application was then made to Court to have the terms of the settlement sanctioned. As with the earlier Beddoe application, Peter Gwilliam acted as a representative beneficiary and Eversheds acted as legal advisers for Mr Gwilliam.

The application was heard in May 2017. This hearing was held in private, but we can confirm to members that the Court approved the intended settlement, which enabled Dalriada and the Hedge entities (as well as Mr Woodward) to proceed with implementing the steps required under the terms of the settlement.

In addition to the main settlement with Hedge, Dalriada also reached agreement with another party who had invested funds in HCIG. However, as previously reported, their investment was small. The Pennines and Mendip schemes accounted for over 95% of the funds invested in HCIG.

Also, Dalriada reached a separate, later settlement with Jenny Ilett (previous trustee to the Schemes) who was party to the original proceedings, but not party to the main settlement with Hedge.

Following Court sanction, Dalriada appointed Andrew Conquest as director to each of the following companies – Hedge Capital Investment Group (HCIG), Hedge Capital Investments Limited (HCIL), Hedge Tax Mitigation Limited (HTML) and Hedge Capital Markets Limited (HCML).

HCML was a dormant company and was dissolved.

HCIG, HCIL and HTML were placed into voluntary liquidation on 27 November 2017 and KPMG appointed as liquidators of each of the companies on 8 December 2017.

It was always the intention that, once the settlement was achieved and Dalriada took ownership of the various Hedge companies, it would look to strip away the corporate structure and look to identify, and place a value on, the assets underlying the companies, in particular HCIL.

KPMG, as liquidators, have a number of powers with regard to recovery of assets and investigation into the actions of the previous directors. Dalriada is now working with KPMG to try to ascertain what value there might be in each of the companies.

Dalriada, as trustee to the Schemes, is by far the major creditor.

We are due to meet next with KPMG early next month and will update members thereafter. However, to manage member expectations, we do not anticipate any material recovery beyond the monies held in cash within HCIG.

At the meeting we will also look to discuss further the likely recovery from HCL. The principal asset of HCL is the loan book.

Interest Payment on loans

We have always said to members that any loan they have entered into with HCL is a contractual agreement and that they should look to honour the terms of that agreement.

We understand that, following HCL entering administration, members may be experiencing problems making interest payments. Again, we will raise this at the meeting with KPMG and either KPMG or Dalriada will update members further as to what action members should take.

In the meantime, however, we suggest members make provision for payment of any outstanding interest payments.

HMRC

In our thirteenth Announcement we said that we were aware that HMRC had issued tax assessments to members, and we had included a FAQ document as to the steps members might take with regard to those assessments pending resolution of the tax position.

We have reported previously that tax charges had also been levied against the Schemes (Scheme Sanction Charges). Dalriada intends to liaise further with HMRC regarding the Scheme Sanction Charges and seek advice itself regarding appeals against those charges. It will update members again once it has done so. It is possible that it would prove sensible for members to coordinate with Dalriada with regard to appeals against tax charges. It would be helpful if any members who have already commenced appeal proceedings against HMRC could let us know.

General Data Protection Regulations (GDPR)

Currently, organisations are required to comply with the Data Protection Act 1998. This Act governs the collection, storage and use of personal data held electronically or in paper records. It provides guidelines on how companies should create, store, handle or view personal data. From 25 May 2018, this Act will be replaced by the General Data Protection Regulations which are coming into direct effect across the EU. The UK will continue to comply with these regulations following Brexit.

Dalriada, as trustee of the Schemes, has a policy for meeting our obligations under GDPR and accompanying this Announcement is a Privacy Notice that sets out this policy for your information. In particular, we would like to draw your attention to the following key points:

- Individuals have increased rights under the GDPR in relation to their personal data which include in certain circumstances the right of access to data and rectification and erasure. We hope you understand that we need to hold your data in order to be able to determine any benefits and to answer any questions about your entitlement.
- Under the GDPR, members have the right to obtain access to their personal data by way of a Subject Access Request (SAR). Members will not be directly charged for making this request and a response should be received within one month of the request.
- Dalriada should remind you that there is no employer to support the costs of managing and administering this Scheme and therefore costs are met from any Scheme assets. Should you wish to make a Subject Access Request we would ask you to call Dalriada in the first instance, on the number provided below.
- This GDPR notification does not affect your membership of the Schemes in any way.

As before, this Announcement will be uploaded onto our website:

<http://dalriadatrustees.co.uk/pennines-and-mendip/>

Should you have any specific personal queries in relation to this Announcement, your membership of the Schemes, or should you wish to provide us with further information, please contact us as follows:

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