

Your Reference



Our Reference
2779460/DDG/BXH2

Private & Confidential

Gowling WLG (UK) LLP
Two Snowhill
Birmingham
B4 6WR

Potential Creditor of Store First Blackburn Limited (In Liquidation)

EMAIL: storefirstblackburn@uk.gowlingwlg.com

13 September 2024

Dear Sirs

Store First Blackburn Limited (CRN: 07951785) (In Liquidation) (the "Company")
Our Client: The Official Receiver as Liquidator of the Company ("Liquidator" or "office-holder")
Request to the Company's creditors to submit a Proof of Debt under the Insolvency (England and Wales) Rules 2016 (the "Insolvency Rules")

BACKGROUND

We act on behalf of the Official Receiver, in his capacity as Liquidator of the Company. The Company, Store First Blackburn Limited (along with Store First St Helens Limited, Store First Limited and SFM Services Limited) was wound up by consent in the public interest on 30 April 2019. Accordingly there are no judgments or findings of fact from the trial, which could be relied upon by investors who purchased storage pods to support their proof of debts and grounds for their acceptance, by the Liquidator.

INVITATION TO SUBMIT A PROOF OF DEBT

Pursuant to Insolvency Rule 14.4(3) *The office-holder may call for the creditor to produce any document or other evidence which the office-holder considers is necessary to substantiate the whole or any part of a claim.*

Please note that the purchase of storage pods in itself does not amount to a valid claim in the liquidation of the Company. The Liquidator's position is fully reserved.

A proof of debt is enclosed with this letter to be completed, where you consider you have grounds as a creditor to submit a proof of debt in accordance with Rule 14.3(1) of the Insolvency Rules. Please note in particular the detail regarding 1-4 below. Please return the Proof of debt, preferably by email to storefirstblackburn@uk.gowlingwlg.com by **4pm on 11 October 2024** quoting reference 2779460. Alternatively please post to the address stated at the top of this letter. To minimise costs where you are submitting a proof of debt, we are inviting you to **submit the substantiating documentation with your Proof of Debt** pursuant to Rule 14.4(3) of the Insolvency Rules.

1. Misrepresentation	2. Non-discretionary buy-back agreement
3. Guaranteed Rental Income	4. Uncompleted Sales

GOWLING WLG (UK) LLP
Registered Office: 4 More London
Riverside, London, SE1 2AU

T: +44 (0)370 903 1000
F: +44 (0)370 904 1099
gowlingwlg.com

Gowling WLG (UK) LLP is registered in England and Wales as a Limited Liability Partnership (Registered number: OC304378). Gowling WLG (UK) LLP is authorised and regulated by the Solicitors Regulation Authority (SRA ID: 382961). A list of members of Gowling WLG (UK) LLP is open to inspection at the registered office.

Gowling WLG (UK) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at gowlingwlg.com/legal.

NEXT STEPS AFTER ADJUDICATION OF PROOF OF DEBTS

In procedural terms, in due course, it is anticipated that a dividend will be declared upon which a formal Notice of the Liquidator's intention to declare a dividend would be delivered to all creditors and Gazetted in accordance with the Insolvency Rules 14.28 and 14.29. Please see further detail at **Appendix 1** for the formal steps to be complied with in accordance with the Insolvency Rules. Please be aware that, whilst we are working with the Liquidator to carry out this process as efficiently as possible, we are currently unable to give a timeframe for when a dividend is likely to be declared. It is anticipated that an update will be posted on the webpage during the week commencing **14 October 2024**.

In accordance with Rule 1.38 of the Insolvency Rules, creditors have the right to elect to opt out of receiving further communication about the insolvency proceedings. You may elect to do so at any time by notifying this firm in writing at the email address storefirstblackburn@uk.gowlingwlg.com that you wish to opt out of future correspondence. Once you have opted out, you will remain opted out unless you revoke your notice to opt out in writing. Please note that we are still required to notify you of certain aspects of the insolvency proceedings, in particular regarding dividends if your Proof of Debt is accepted. Further information regarding opting out is available at [The Insolvency \(England and Wales\) Rules 2016 \(legislation.gov.uk\)](https://www.legislation.gov.uk/uk/insolvency-rules-2016).

PROSPECTIVE DIVIDEND DISTRIBUTION

With regards to the prospective dividend distribution, the most recent Report to Creditors dated 20 December 2019 in respect of the Company is available on www.gowlingwlg.com/store-first-blackburn-limited. Please note that the estimated figures contained in that report do not include the cost of realisations and administration, which will reduce the available dividends payable. Please see Appendix 2 in relation to Rule 1.50 of the Insolvency Rules and Notice of Use of a website.

INVESTORS WHO PURCHASED STORAGE PODS FROM THE COMPANY

To those parties that purchased storage pods from Store First Blackburn Limited, please note that the Liquidator will consider whether an individual investor is a creditor in accordance with the Insolvency Rules. You are invited to submit a proof of debt for dividend purposes if you consider yourself to be a creditor. The Liquidator will determine whether that proof should be admitted (and, if so, in what sum), or whether it should be rejected, in accordance with the procedure under rules 14.1-14.25 of the Insolvency Rules.

STORAGE PODS NOT SITUATED IN STORE FIRST BLACKBURN LIMITED

In accordance with Rule 14.7 of the Insolvency Rules, any proof of debt relating to storage pods not situated in Store First Blackburn Limited is rejected by the Official Receiver. Please note that the Official Receiver in his capacity as Liquidator will issue correspondence in relation to the other Store First companies [i.e. Store First Limited and SFM Services Limited] shortly. It may be that if you hold pods in other Store First companies and a dividend is payable you may wish to submit a proof of debt in those other companies.

POTENTIAL GROUNDS FOR INVESTORS TO SUBMIT A PROOF OF DEBT

1. MISREPRESENTATION

In general terms without prejudice to the Liquidator, where there is a valid misrepresentation claim, investors who purchased storage pods from Store First Blackburn Limited may potentially have a misrepresentation claim against the Company that they purchased a storage pod from and may therefore be classed as a creditor. In simple terms, a misrepresentation is an untrue statement of fact or law made by Party A (or his agent for the purposes of passing on the representation, acting within the scope of his authority) to Party B, which induces Party B to enter the contract thereby causing Party B loss. A misrepresentation not made by Party A nor by his agent, but of which Party A has notice can also give rise to a claim.

Pursuant to Insolvency Rule 14.4(3) and taking account of the above points, in order for an investor to have a valid misrepresentation claim, the Liquidator would expect to see substantiating documentation / evidence in the following form:

1. Marketing materials – evidence of these being misleading either via:
 - a. Statements regarding the value of the store pods or their capital growth based on valuations for instance;
 - b. Testimonials;
 - c. Statements regarding returns capable of being generated concerning for example: (i) Occupancy levels; (ii) Rotation / terms on which store pods are let to end users; and (iii) Ability to re-sell store pod
2. Untenable store pods – some 124 store pods (out of a total of 22,659 across all Store First sites) had physical restrictions, with the effect that these store pods were incapable of being let to end users.
3. Contents protection fee: mis-description of a particular fee charged to end users and the fee being charged in such a way as to increase SFM Services' incomes and reduce returns to investors.

The Liquidator further notes that if the investor did not purchase the store pod in cash direct from the Company but instead it was purchased by a SIPP trustee, then any misrepresentation claim to set aside the purchase contract or for damages would be made by the SIPP trustee rather than by the investor. If an investor sought to proceed to make a claim in those circumstances, then you need to consider whether you have some alternative cause of action.

2. BUY-BACK AGREEMENTS

Investors who engaged in buy-back agreements, in some circumstances granted the investor the option to **'require'** Store First Blackburn Limited to buy back the storage pod, usually after a period of 5 years. In the later sales the structure had changed and the option was for a request to be made but it was **discretionary** on the relevant company whether or not it would do so. Please note that the earliest trigger date for a buy-back provision would have been May 2020.

The Liquidator mindful of the provision in Insolvency Rule 14.4(3) invites you to submit any further document or evidence necessary to substantiate any part of your claim relating to the buy-back provision if you consider you had a non-discretionary buy-back agreement. For instance but not limited to:

- i. Any buy-back agreement containing a non-discretionary provision;
- ii. Any documentation or evidence which would substantiate any claim you might have as an investor for breach of contract and / or specific performance.

3. UNCOMPLETED SALES

The Liquidator has been made aware that there may be instances whereby a number of investors' storage pods did not "*complete*", including for example registration of their interest may not have taken place at HM Land Registry and / or Anti Money Laundering requirements were not complied with.

It is the Liquidator's understanding that for some investors' full purchase monies may have been paid for the benefit of the Company and signed contracts' packs exchanged between the parties. You may have received some guaranteed rental income and or variable rental income during this period.

Separately the Asset Purchase Agreement for the Company provided for the Purchaser to "*use reasonable endeavours to, until the expiry of the period of six calendar months from and including the Completion Date, legally complete each long leasehold interest relating to an Uncompleted Sale Storage Unit including but not limited to the registration of such interest at HM Land Registry.*" The period of six months was extended by the

Purchaser due to the impact of Covid. You may have been contacted by the Purchaser of the assets of the Company in this regard. The Liquidator understands that those Investors who did not complete when contacted by the Purchaser had the sale of their storage pod/s "cancelled".

Consequently the Liquidator is issuing an invitation to you to complete and return a Proof of Debt in relation to any "uncompleted" sale of storage pods in the Company.

4. INVESTORS WHO DID NOT PURCHASE STORAGE PODS DIRECTLY FROM THE COMPANY / SIPP TRUSTEES

If you as an investor did not purchase the storage pod directly from Store First Blackburn Limited but instead it was purchased for instance by a SIPP trustee on your behalf, the Liquidator considers it likely that any proof of debt should be submitted by the SIPP trustee. We encourage you to obtain independent legal advice in this regard as neither the Liquidator nor this firm are in a position to provide legal advice to potential creditors of the Company.

5. FSCS

If you as an investor received compensation (full or part) from the Financial Services Compensation Scheme (FSCS) and entered into an assignment of rights, you will need to consider the effect of that assignment and whether, as a result, there is no longer a basis for you to submit a proof of debt, that right having vested in the FSCS.

6. THE HETHERINGTON PARTNERSHIP LIMITED

Separately, if investors who were represented in their dealings with Store First Blackburn Limited by The Hetherington Partnership Limited, consider that they may have a claim against their former solicitors or legal representatives, they may wish to contact the Solicitors Regulation Authority (SRA) via insurerdisclosure@sra.org.uk to obtain details of the relevant solicitor's insurance company.

The Liquidator is not in a position to offer advice as to the merits of any such claim and will not be a party to any claim.

NEXT STEPS

If having considered the content of this letter you consider you wish to submit a proof of debt, we invite you to do so by **4pm on 11 October 2024**.

If you have any queries in relation to submitting a Proof of Debt in Store First Blackburn Limited (In Liquidation) please consult the website www.gowlingwlg.com/store-first-blackburn-limited which will be updated with relevant information concerning this matter. To confirm, given the anticipated volume of responses and to minimise legal costs and maximise the return to creditors individual replies will not be issued save to the extent required pursuant to the Insolvency Rules.

Please note that the Official Receiver's position in his capacity as Liquidator is fully reserved and ultimately any decision whether or not to accept or reject any proof of debt will be determined in accordance with the Insolvency Rules 2016. As Solicitors for the Liquidator, we cannot offer you legal advice.

This letter is issued in line with the Liquidator's duty to treat all creditors fairly in line with ex Parte James, [Re Condon; ex parte James (1873-74) LR Ch App 609]. A copy of this case is at www.gowlingwlg.com/store-first-blackburn-limited.

Please be aware that any correspondence sent in respect of Store First Blackburn Limited shall be sent to you from (1) the official email address storefirstblackburn@uk.gowlingwlg.com (2) posted on the website www.gowlingwlg.com/store-first-blackburn-limited or (3) sent by post from Gowling WLG. Please be mindful of scammers attempting to contact you in respect of Store First Blackburn Limited. In particular, the Official Receiver/ Liquidator will never ask you to make a payment in relation to this matter. Any request for a payment is likely to be a scam. If you consider that you have been contacted

**by a scammer in relation to the Store First Blackburn Limited please contact
PIU.OR@insolvency.gov.uk.**

Yours faithfully,

Gowling WLG (UK) LLP

Gowling WLG (UK) LLP

Enquiries: storefirstblackburn@uk.gowlingwlg.com

APPENDIX 1

Pursuant to Insolvency Rule 14.4 of The Insolvency (England and Wales) Rules 2016 a proof **must** state the creditor's name and address and if the creditor is a company, identify the company. The creditor must provide details of any document by reference to which the debt can be substantiated. The proof must be dated and authenticated and state the name, postal address and authority of the person authenticating the proof (if it's someone other than the creditor).

Procedural Steps (Insolvency Rules 2016) – remain to be complied with

Step One, Notice in the Gazette:

- 1 Where the liquidator or administrator is declaring a first dividend, they will need to advertise notice of their intention to declare a first dividend in the Gazette (rule 14.28). This notice will provide a date by which proofs are to be delivered (known as the last date for proving).

If you have already submitted a proof of debt, you will not be required to submit a further proof at this stage.

- 2 Once this has been posted the creditors (who haven't done so already) will have until the deadline for proving (minimum 21 clear days from the date of the notice) to submit their proof of debt.

Step Two, Notice to creditors of intention to declare a dividend:

- 3 Each time a dividend is to be declared (whether a sole, interim or final dividend), the liquidator or administrator will need to deliver a notice of their intention to declare a dividend to creditors (**rule 14.29(1)**). This notice must be given to every creditor in an administration and to all creditors in a liquidation who have not proved (including any creditors of small debts whose debts are not deemed to have been proved). This notice will also set out the last date for proving (minimum 21 clear days from the date of the notice).

It is only intended to declare a full and final dividend to maximise returns to creditors whose proofs have been accepted in part or in whole.

Step Three, Admission or rejection of proofs:

- 4 After the last day for proving, under rule **14.32(1)**, unless the office-holder has already dealt with them, the office-holder must within 14 days of the last date for proving set out in the notice:
 - admit or reject (in whole or in part) proofs delivered to the office-holder; or
 - make such provision in relation to them as the office-holder thinks fit.

Step Four, Declaration of dividend and distribution:

- 5 Once the proofs have been dealt with, the liquidator or administrator declares the dividend and will usually distribute at the same time. The declaration must be made within two months of the last date for proving. The liquidator or administrator must deliver a notice declaring the dividend to all creditors who have proved for their debts (**rule 14.35(1)**).

APPENDIX 2

NOTICE OF USE OF WEBSITE UNDER RULE 1.50 OF THE INSOLVENCY RULES

In accordance with rule 1.50 of the Insolvency Rules we hereby give notice that all future documents in the proceedings (other than those specifically excluded by rule 1.50(2) of the Insolvency Rules) will be made available for viewing and downloading on a website without notice to the recipient and the Official Receiver will not be obliged to deliver any such documents to the recipient of this notice unless it is requested by that person.

- The address for the website is: www.gowlingwlq.com/store-first-blackburn-limited. The website is not password protected.
- Recipients of this notice may at any time request a hard copy of any or all of the following—
 1. all documents currently available for viewing on the website; and
 2. all future documents which may be made available there.
- Requests for a hard copy of any documents displayed on the website may be made to the following:
 - i. Email address: storefirstblackburn@uk.gowlingwlq.com
 - ii. Postal address: Gowling WLG (UK) LLP, Two Snowhill, Birmingham, B4 6WR
 - iii. Telephone Number: +44 (0)370 903 1000

Please note that given the number of anticipated Proofs, email communication is preferable.