

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
PROPERTY, TRUSTS AND PROBATE LIST (ChD)



Claim No

B E T W E E N :

PATRIK SCHUMACHER
(as executor and beneficiary of the estate of
Dame Zaha Hadid deceased)

Claimant

and

(1) **BRIAN CLARKE**
(as executor of the estate of Dame Zaha Hadid deceased)
(2) **RANA HADID**
(as executor of the estate of Dame Zaha Hadid deceased)
(3) **THE RIGHT HONOURABLE PETER GARTH
BARON PALUMBO**
(as executor of the estate of Dame Zaha Hadid deceased)

Defendants

PARTICULARS OF CLAIM

Introduction

1. The Claimant seeks an order under section 50 of the Administration of Justice Act 1985 and/or pursuant to the court's inherent jurisdiction that the Defendants be removed as executors and/or trustees of the estate of Dame Zaha Hadid deceased ("**the Estate**") and that such of Jeremy Gordon and/or Mark Keenan and/or Suzanne Marriott (independent solicitors who are fit and proper persons), as the Court shall think fit be appointed as executor(s) in their place.
2. As more particularly set out below, the Defendants have improperly allowed their personal animosity towards and resentment of the Claimant to influence their decision making. As a result they have failed to properly administer the Estate and act in the best interests of the beneficiaries. In particular:
 - a) the Defendants have acted and continue to act with unjustified hostility towards the Claimant and by their conduct have demonstrated that they are unwilling to work with him;



- b) the Defendants have purported to act contrary to the requirement for them to act unanimously;
- c) the Defendants have dealt improperly with the Estate's underlying assets, in particular the company known as Zaha Hadid Limited;
- d) the Defendants have unjustifiably failed to give proper consideration and acted contrary to Dame Zaha's wishes as set out in her Letter of Wishes; and
- e) the Defendants' conduct in the administration of the Estate has resulted in the breakdown of the relationship between the Claimant (as both co-executor and beneficiary) and the Defendants.

The Parties

- 3. Zaha Hadid ("**Dame Zaha**") was a world-famous architect. She died on 31 March 2016. She was unmarried and had no children.
- 4. At the date of her death her business interests were held through a number of different entities, including:
 - a) Zaha Hadid Limited (company number 03749443) ("**ZHL**"), trading as Zaha Hadid Architects, incorporated on 8 April 1999;
 - b) Zaha Hadid Holdings Limited (company number 05628725) ("**ZHH**"), incorporated on 18 November 2005. ZHH is the sole shareholder of ZHL;
 - c) Zaha Hadid Design Limited (company number 06019320) ("**ZHD**"), incorporated on 5 December 2006; and
 - d) Zaha Hadid (Services) Limited (company number 06693908) ("**ZHS**"), incorporated on 10 September 2008.
- 5. At the time of her death Dame Zaha was the sole shareholder of ZHH, ZHD and ZHS. ZHH was the sole shareholder in ZHL.
- 6. On 8 April 2013 Dame Zaha established the Zaha Hadid Foundation (company number 08478949, charitable registration number 1152943) ("**the Foundation**"), a private company limited by guarantee.



7. The Claimant ("**Mr Schumacher**") is an architect and was Dame Zaha's business partner. He began working with Dame Zaha when he was a student in 1988 and worked closely with her until her death. He has been a director of, amongst other companies, ZHH since 5 April 2000, the Foundation from 12 June 2015 to 12 June 2018, and ZHH since 24 February 2017. He is Principal of ZHL.
8. The First Defendant ("**Ms Hadid**") is an architect. She was Dame Zaha's niece.
9. The Second Defendant ("**Mr Clarke**") is an artist and architectural stained glass designer. He was a friend of Dame Zaha.
10. The Third Defendant ("**Lord Palumbo**") is a property developer. He was a client and friend of Dame Zaha.
11. On 12 June 2015 Mr Schumacher, Mr Clarke and Lord Palumbo were appointed directors and trustees of the Foundation. Ms Hadid was appointed a director and trustee of the Foundation on 7 July 2016.

The Will

12. Under clause 3 of Dame Zaha's will dated 2 April 2015 ("**the Will**"), Mr Schumacher, Mr Clarke and Ms Hadid were appointed executors and trustees of the Estate.
13. Lord Palumbo was appointed an additional executor and trustee of the Estate and the Foundation by a codicil to the Will dated 14 April 2015 ("**the Codicil**"). Together the parties shall be referred to as "**the Executors**".
14. Copies of the Will and the Codicil are attached hereto.
15. Clause 4 of the Will provided that Mr Schumacher and certain members of the Hadid family were to receive pecuniary legacies. The remainder of the Estate was to be held on a discretionary trust to be distributed as the Executors see fit.
16. Clause 9 set out the overriding powers of the trustees during the Trust Period, defined as 125 years from the date of Dame Zaha's death. These powers included powers of appointment and advancement exercisable for the benefit of any of the Beneficiaries.



17. As defined at clause 7.2 'the Beneficiaries' included Mr Schumacher, the employees and office holders of the Companies (defined at clause 7.3 as the Foundation, ZHF, ZHD, ZHL and ZHS), and the Foundation.
18. The Standard and Special Provisions of the Society of Trusts and Estates Practitioners (2nd Edition) ("**the STEP Provisions**") were incorporated into the Will at clause 11.
19. Mr Schumacher will rely on the Will at trial for its full terms and effect.

The Letter of Wishes

20. By a Letter of Wishes dated 2 April 2015 ("**the Letter of Wishes**") Dame Zaha recorded her wishes as to how the Executors should administer the Estate. Paragraph 3 of the Letter of Wishes states:

In my will I have made substantial cash gifts to a number of named individuals. Save as provided below I would like the remainder of my assets to pass to the Zaha Hadid Foundation the details of which appear in my will. In carrying this wish into effect I would like you as far as reasonably possible to ensure the following:

- (i) That the burden of taxation is minimised to allow the greatest possible benefit to the Foundation.*
- (ii) That my business continues to trade adopting the same principles and business patterns as have been adopted in my lifetime.*
- (iii) Patrik Schumacher should as far as practicable be in control of the business of Zaha Hadid Limited and Zaha Hadid Design Limited and should benefit from at least 50% (fifty percent) of their income and capital and the balance to be for the benefit of other employees.'*

21. Therefore Mr Schumacher is Dame Zaha's intended beneficiary of at least 50% of the income and capital of ZHL and ZHD and intended by her to be entitled to be in charge of them as far as practicable. The income and capital not for his benefit are left to the employees. Dame Zaha wished Mr Schumacher and the employees to receive ZHL and ZHD as going concerns and for these businesses to continue trading. She did not wish them to be passed to or be used for the benefit of the Foundation, which was clearly intended to benefit from assets other than ZHL and ZHD.
22. Probate was granted to the Executors on 14 December 2016. The net value of the Estate as sworn for probate purposes was £67,249,458.00.
23. Following Dame Zaha's death the Executors accepted their appointments and began meeting regularly. They were advised by a firm of solicitors, Joseph Hage Aaronson LLP ("**JHA**").



The Defendants' Hostility to Mr Schumacher

24. The Defendants have throughout the administration of Estate sought to marginalise Mr Schumacher. They have never accepted that he is entitled to serve as both executor and head of ZHL, as intended by Dame Zaha. They have acted in a manner that has been openly (and unduly) hostile to Mr Schumacher and as a consequence of such hostility:

- a) they are unable to exercise their discretion fairly insofar as it involves a decision that affects Mr Schumacher; and
- b) they are unable to work effectively with him in the interests of the estate and the beneficiaries thereof.

25. Given Mr Schumacher's role in ZHL, the Defendants' personal animosity towards him has coloured their decision making with regard to ZHL and has resulted in their taking decisions that have been manifestly to ZHL's detriment.

26. Specific further examples of how the Defendants' animosity towards Mr Schumacher has exhibited itself throughout their dealings with him are detailed below.

27. The Defendants refused to allow Mr Schumacher to speak at Dame Zaha's memorial service in September 2016, despite him having been a close friend and colleague of hers for many years. The Defendants all spoke at this service.

28. On or around 17 November 2016 Mr Schumacher gave the keynote speech at the World Architecture Festival in Berlin. He set out an eight point proposal for improving the provision of housing in London, based on deregulation and privatisation.

29. In response, on or around 29 November 2016 the Defendants issued a statement criticising Mr Schumacher's position (although accepting that it was made in his personal capacity), and stating that:

Knowing Dame Zaha as well as we did, we can state categorically that she would have been totally opposed to these views and would have disassociated herself from them. We personally also totally disagree with these views.'

30. Mr Schumacher does not accept this categorisation of how Dame Zaha would have responded to his views. It is clear from the Letter of Wishes that Dame Zaha had confidence in Mr Schumacher and believed he was the appropriate person to carry on her professional legacy.



The Defendants' statement was a public attempt to cast doubt on Mr Schumacher's ability to run ZHL in keeping with the principles adopted in Dame Zaha's lifetime.

31. The Defendants have further used this speech as justification for demanding that ZHL, which currently trades as 'Zaha Hadid Architects', should cease using any trading name featuring the words 'Zaha Hadid'. In doing so they have unfairly cast blame on Mr Schumacher for the loss of the trading name.
32. In December 2016 the Defendants asked the directors of the Serpentine Sackler Gallery to exclude Mr Schumacher from the dinner marking the opening of an exhibition of Dame Zaha's works and from events associated with the exhibition at the gallery.
33. In January 2017 the Defendants created an email account with the address zh.fiduciaries@gmail.com. Mr Schumacher was not informed of this action and, despite being one of the executors, has never been provided with access to this email account. The Defendants then sent an email to all staff at ZHL, requesting that any questions about the Estate be sent to that email address. The email noted that it was not sent on Mr Schumacher's behalf. It suggested that Mr Schumacher had spread misinformation about the future of ZHL. It is denied that he had done so. The effect of these actions was to exclude Mr Schumacher from important communications concerning ZHL.
34. At an executors' meeting on 6 September 2017 Lord Palumbo accused Mr Schumacher of having been disloyal to Dame Zaha's legacy. Such an accusation was entirely unjustified.
35. In an email sent to Mr Schumacher on 20 September 2017 Ms Hadid stated that Dame Zaha had only amended the Letter of Wishes to give 50% of ZHL and a property to Mr Schumacher because he had forced her to do so after 'gatecrashing' her meeting with JHA. Ms Hadid's assertion was untrue and entirely without foundation.
36. On 26 February 2018 Ms Hadid emailed the Executors, Ms Philipps and JHA accusing Mr Schumacher of having threatened and manipulated employees of ZHL to force them to sign the letter sent on 23 February 2018 (detailed at paragraph 76 below), and seeking an investigation by JHA of Mr Schumacher's outgoing calls and text messages at the relevant time.
37. Mr Schumacher denies any such harassment or threats on his part. In an email to the Defendants in response he stated that *If there was hesitation by some, very few indeed, it was not at all*

due to anybody's disagreement with the content of this letter, but only due to the fear that you would respond to this expression of our opinion with reprisals.'



38. Notwithstanding the foregoing, on 23 March 2018, by way of a letter before claim sent to the Defendants by Penningtons Manches, Mr Schumacher made an open offer to stand down as executor and trustee and be replaced by an independent professional trustee, provided the Defendants would agree to do the same.
39. In their letter of response dated 13 April 2018 sent by Mr Clarke on behalf of the Defendants, the Defendants refused to consent to being replaced on these or any terms. The letter noted that the Defendants had asked Mr Schumacher to step down as an executor soon after Dame Zaha's death. It is to be inferred that the various acts of the Defendants referred to in this section were carried out by them with the aim of bringing about that end.
40. In addition Mr Clarke stated that, given Mr Schumacher's comments at the World Architectural Festival in 2016 and a proposed strategic alliance with the firm Arcplus, '*...it is quite obvious to us that Patrik is not capable of running the company "adopting the same trading principles and business patterns" as during Zaha's lifetime*'.
41. Mr Schumacher avers that such comments demonstrate both a lack of understanding concerning the business of ZHL and an intention on the part of Mr Clarke (and the other Defendants, on whose behalf he was writing) to use the said comments made by Mr Schumacher as a spurious basis for not effecting the gift of income and capital in ZHL and ZHD as intended by Dame Zaha and recorded in the Letter of Wishes.
42. On 11 June 2018 the terms of the appointment of Mr Clarke, Lord Palumbo and Mr Schumacher as trustees of the Foundation came to an end. Ms Hadid reappointed Mr Clarke and Lord Palumbo as trustees but did not reappoint Mr Schumacher.
43. Since the Letter before Claim detailed above Mr Schumacher has repeatedly sought to mediate this dispute with the Defendants. They initially refused to consider mediation. They subsequently purported to agree to mediation, but delayed scheduling the same. Mr Clarke then cancelled a mediation scheduled for 25 September 2018 at short notice. The Defendants have yet to agree a new date for mediation. At the date of writing they claim to be unavailable before January 2019.



44. In the premises, it is to be inferred that the Defendants are seeking to delay mediation whilst they take steps with regard to the Estate and its underlying assets motivated by their animosity towards Mr Schumacher, and that they have no genuine intention to mediate the dispute.

Failure to Act Unanimously

45. At the time of her death Dame Zaha was the sole shareholder of ZHH and one of its directors. The other director was Nigel Calvert, who had been appointed a director on 17 November 2009. Mr Calvert had been Dame Zaha's lawyer and she consulted him frequently over the years on various matters.
46. At an executors' meeting on 18 April 2016 the question of the composition of the ZHH board was discussed. Following advice from Joseph Hage, a partner in JHA, and leading counsel Simon Taube QC, the Executors considered in particular whether they should appoint themselves to the board of ZHH. Mr Clarke proposed that Mr Calvert be removed. Mr Schumacher proposed that he should be appointed a director and that Mr Calvert should remain. Mr Hage suggested all four executors be appointed and then remove Mr Calvert. Mr Schumacher expressed concerns that if the board of ZHH were comprised solely of the Executors this could undermine his position of authority as principal and director of ZHL.
47. The minutes of the meeting, settled by JHA, record Mr Hage advising that *'Not stepping down would give PS [Mr Schumacher] more control because trustees and executors have to act unanimously, so PS could stop certain things happening.'* Mr Taube QC is recorded as explaining that *'...trustees of private trusts have to act unanimously in the absence of any special provisions'.*
48. On 12 May 2016 during a meeting the Executors asked Mr Schumacher to agree to the Executors being appointed to the board of ZHH and Mr Calvert being removed. Mr Schumacher did not agree.
49. On 1 June 2016 the Executors again discussed the appointments during a meeting. Mr Schumacher stated that he was vetoing the appointment of the Defendants to the board of ZHH. The minutes of the meeting, prepared by JHA, record Mr Taube QC as advising that:
- '...the other three executors would probably have to apply to the court for directions as to what they should do and obtain a special form of Grant that would give the three of them alone responsibility for the Estate.'*



50. Mr Calvert then joined the meeting. He was asked by Mr Hage if he would appoint all the Executors to the board. Mr Calvert stated that he would only appoint Mr Schumacher and suggested that he should remain as sole director.

51. At a meeting on 7 July 2016 the Defendants again asked Mr Schumacher to consent to the appointments. He again stated that he would not agree.

52. On 20 February 2017 JHA sent a letter by email to the Executors (**"the 20 February Letter"**). The letter stated that:

'We have been asked by one of you to set out the legal position with regard to the Executors collecting and protecting the Estate's assets involved in Zaha Hadid Holdings Limited ("ZHHL") and its subsidiary companies, including its 100% owned subsidiary Zaha Hadid Limited ("ZHL").'

53. The letter then purported to set out the advice given by Mr Taube QC regarding the appointments to the board of ZHH. In particular it stated:

a) at Paragraph 10: *Leading Counsel's advice is that such unanimity may not be required for this decision and appointment for the reasons summarised below'* (emphasis added).

b) At paragraph 14, with regard to clause 9 of the STEP Provisions:

'...it does not spell out expressly whether the other Executors alone can then take the decision. Nevertheless, it is leading Counsel's opinion that there is an implied term in clause 9 of the STEP Provisions that the other Executors are then entitled to act alone. Such an implied term is necessary to give business efficacy to these administrative provisions...Leading counsel considers that the implied term authorises the other Executors to take a decision to act even where the dissenting Executor refuses to act in an administrative matter for his selfish personal reasons, contrary to the general interest of the estate.'

54. On 21 February 2017 Ms Hadid emailed JHA on behalf of the Defendants stating that they agreed that Mr Calvert should be removed and the Executors appointed to the board.

55. Also on 21 February 2017 Mr Schumacher emailed the Defendants and stated that he would consider the appointment of the Executors provided they would consent to Mr Calvert remaining as a director and to the additional appointment of Mr Mouzhan Majidi, one of the directors of ZHL. The Defendants did not respond.

56. On 23 February 2017 by ordinary resolution the Executors were purportedly appointed to the board of ZHH and Mr Calvert was purportedly removed.



57. Mr Schumacher did not consent to or participate in these appointments and/or to Mr Calvert's removal. He only learned of the Defendants' actions when he received a copy of the resolution purportedly effecting the changes via email.
58. In their capacity as directors of ZHH, the Executors are entitled to act by majority. As a result of these purported appointments the Defendants have repeatedly overridden Mr Schumacher's objections with regard to steps taken regarding ZHH and the exercise of ZHH's shareholder powers to control ZHL.
59. In the premises, the Executors had no power to act other than unanimously. Further, if they purport to have acted on the basis of counsel's advice:
- a) Despite the advice given not being provided directly by counsel, and being contradictory to what Mr Taube QC had advised during the Executors' meetings, the Defendants made no attempt (or no proper attempt) to confirm that the 20 February Letter accurately reflected Mr Taube QC's advice.
 - b) The advice was equivocal and not sufficiently certain to entitle the Defendants to override Mr Schumacher's veto.
 - c) The advice is incorrect as a matter of law.
 - d) Clause 9.3.2 of the STEP Provisions requires that *'there is in relation to the Fiduciary an Independent Trustee in respect of whom there is no conflict of interest...'*. It is not accepted that the Defendants had no conflict of interest with respect to the appointments.
60. In the premises, the Defendants acted in breach of their duty as executors and trustees to act unanimously.
61. Penningtons Manches, solicitors acting for Mr Schumacher, emailed Michael Anderson of JHA on 19 April 2018 requesting a copy of the advice given by Mr Taube QC. On 27 April 2018 JHA provided a note of a conference with Mr Taube QC in which the advice was given. It is noted that Mr Taube QC has not signed the note as being an accurate record of the advice given.
62. By letter dated 12 July 2018 JHA informed the Co-Executors that they were ceasing to act as solicitors for the Estate. Boodle Hatfield LLP were then instructed.

Failing to deal properly with the underlying assets of the Estate



63. ZHL is a major asset of the Estate. It is evident from the Letter of Wishes that Dame Zaha intended it to be transferred to Mr Schumacher and its employees as a going concern. Rather than honouring that wish, the Defendants have delayed the transfer and have acted and continue to act in a manner detrimental to ZHL. They have transferred cash and other assets to ZHH and the Foundation despite this reducing ZHL's capacity to carry out business. Further, they have sought to undermine Mr Schumacher's ability to lead and control ZHL as envisaged by the Letter of Wishes, and have taken steps to control ZHL directly by means of taking control of its sole shareholder ZHH.
64. At an Executors' meeting on 6 September 2017, Mr Clarke informed Mr Schumacher that certain steps would be taken regarding ZHL, namely:
- a) All artworks held by ZHL would be transferred to the Foundation;
 - b) Two new directors would be appointed to the ZHL board; and
 - c) ZHL must pay a dividend of £5m to ZHH.
65. Mr Clarke told Mr Schumacher that if he objected to or interfered with these actions his employment at ZHL would be terminated.
66. At a meeting between Mr Clarke and Mr Schumacher on 26 September 2017 Mr Clarke pressured Mr Schumacher to agree certain concessions on the basis that if, he did not agree, two new directors would be appointed to the board of ZHL. In particular Mr Schumacher agreed, despite his objections, that:
- a) All 'Zaha Hadid' trademarks would be transferred from the Estate to the Foundation;
 - b) ZHL would change its name to one not including 'Zaha Hadid';
 - c) The shares in ZHL would be transferred to an Employee Benefit Trust ("EBT") and Mr Schumacher would not own any as an individual;
 - d) All of Dame Zaha's artistic works would be transferred to the Foundation;
 - e) All properties owned by ZHH would be transferred to the Foundation; and
 - f) ZHL would make a cash payment to the Foundation.



67. In late 2017 the Defendants instructed corporate consultants Charlotte Philipps and Andrew Dixon (**"the Consultants"**) to carry out an analysis of ZHL and produce a report. It is understood that Ms Philipps is a friend and neighbour of Mr Clarke.
68. A 'discussion draft' dated 11 December 2017 set out the Consultants' recommendations. The Consultants proceeded on the basis that no special treatment should arise because the employees were potential beneficiaries of the Estate. They disagreed with the view taken by Mr Schumacher and the other directors of ZHL that they were beneficiaries of the Estate.
69. On 8 February 2018, the board of ZHH, comprised on that date exclusively of the Executors, resolved to exercise its powers as sole member of ZHL to amend ZHL's Articles of Association such as to enable the ZHH board to exercise greater control over the composition of the board of ZHL and to pay larger dividends to ZHH.

70. Article 11 was to be amended to read:

'(a) The Directors shall not be required to retire by rotation and Regulations 73 to 80 (inclusive) of Table A shall not apply to the Company.

(b) The Company may by Ordinary Resolution in General Meeting appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director.

(c) The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number determined by the Company in General Meeting as the maximum number of Directors for the time being in force.

(d) Regulation 84 of Table A shall be modified by the deletion of the last sentence therefrom.'

71. Article 18 was to be amended to read as follows:

'(a) In Regulation 102 of Table A, the words "but no dividend shall exceed the amount recommended by the directors" shall be deleted. The Company may by Ordinary Resolution in General Meeting declare such dividend as it considers appropriate.

(b) Regulation 105 of Table A shall be deleted. A General Meeting declaring a dividend may, in its sole discretion, direct that it shall be satisfied wholly or partly by the distribution of assets.'

72. Mr Schumacher voted against the three resolutions. The Defendants voted for them.

73. On 21 February 2018 the board of ZHH resolved that it should exercise its powers as sole member of ZHL to:

- a) declare an interim dividend from ZHL to ZHH of £4.5 million;



- b) remove Mr Calvert as a director of ZHL and direct that ZHL:
- (i) remove him as a director of its subsidiary Zaha Hadid (Project Management) Limited and any other subsidiary of Zaha Hadid Limited;
 - (ii) direct that ZHL release and suspend Mr Calvert from all his duties as a director pending his removal;
 - (iii) direct that ZHL terminate any consultancy or other services provided by Mr Calvert or Pitmans Solicitors, at which Mr Calvert acts as a consultant; and
 - (iv) appoint Ms Hadid, Mr Clarke, Lord Palumbo, and Dame Zaha's nephew Hussein Hadid as board members of ZHL, along with Ms Philipps and Mr Dixon, thereby placing the existing directors in the minority.

74. These resolutions were contrary to the interests of ZHL. Mr Schumacher voted against them. The Defendants voted for them.
75. By a letter dated 22 February 2018 Mr Clarke informed the directors of ZHL of the resolutions.
76. By a letter dated 23 February 2018 36 directors and senior staff of ZHL, including Mr Schumacher, expressed serious concerns about the resolution to appoint six new directors.
77. Following further discussions the Defendants agreed to appoint only one Independent Director, Ms Philipps, to the ZHL board.
78. The Executors had been advised by JHA that certain steps must be taken within two years of Dame Zaha's death in order for them to effectively minimise the Estate's tax liability, including transferring the shares in ZHL into an Employee Benefit Trust ("EBT"). There were disagreements between Mr Schumacher and the Defendants as to the appropriate steps to take. For example, Mr Schumacher opposed ZHL being required to transfer its intellectual property rights ("IPRs") to the Foundation.
79. On 1 March 2018 Mr Majidi on behalf of ZHL wrote to the Defendants to confirm that ZHL had made arrangements for the dividend of £4.5 million to be paid as directed. The letter noted that the board of ZHL *'unanimously opposed the payment of the dividend as not being justifiable in the current circumstances'*.



80. On 17 March 2018 Michael Anderson of JHA, with the support of the Defendants, prepared a 'Discussion Paper' setting out proposed solutions to the various disputes. This was later amended to incorporate Mr Schumacher's comments, with the final version produced on 21 March 2018. The Discussion Paper included a proposal by the Defendants that a final dividend be paid to ZHH by ZHL as well as any cash in excess of three months' working capital.
81. In the Letter of Wishes Dame Zaha stated with regard to ZHL and ZHD that Mr Schumacher *'should benefit from at least 50% (fifty percent) of their income and capital and the balance to be for the benefit of other employees'*. She did not wish for ZHH or the Foundation to benefit from ZHL's income and capital on an ongoing basis. The Defendants' attempts to transfer cash to ZHH following Dame Zaha's death is therefore contrary to this wish.
82. The Defendants also proposed that the Independent Directors be given a right of veto over key issues in corporate governance in both the board of the EBT and the board of ZHL, as set out at paragraph 38.1 (later 40.2):
- a) The ability to transfer any shares in ZHL out of the EBT;
 - b) Any merger or amalgamation of ZHL with another company;
 - c) Any sale of ZHL;
 - d) Any name change of ZHL;
 - e) Taking on long term debt above £1m;
 - f) Approval of annual business plans;
 - g) Related party transactions; and
 - h) The payment of any income or capital over £20,000 to any individual beneficiary in any year.
83. Therefore the Independent Directors would have control over the ZHL board's decisions on important matters of corporate governance.
84. ZHL proposed that the directors of the corporate trustee of the EBT should identify and appoint the Independent Directors, and that they should not have any veto powers. The Defendants argued that ZHH should appoint the Independent Directors.



85. Finally the Defendants asserted that the shares in ZHD should be appointed to the Foundation. Mr Schumacher's position was that the shares in ZHD should be transferred to the EBT, in keeping with the Letter of Wishes.

86. By the Discussion Paper the Defendants sought to pressure Mr Schumacher into agreeing to certain steps in order to avoid negative consequences for ZHL. For example:

- a) Paragraph 5 (later 7) advised that if agreement could be reached some of the appointments to the ZHL board *'may prove to be unnecessary'*;
- b) Paragraph 7.2 (later 9.2) made the transfer of the shares in ZHL into the EBT contingent upon consensus being reached upon *'what is to go to the Foundation and what is to be retained by ZHL, and the name of ZHL going forward'*; and
- c) Paragraph 34 (later 36) noted that *'...if other matters can be agreed, the intention is to transfer the ZHL shares into an EBT for the benefit of the employees'*.

87. On 20 March 2018 Michael Anderson of JHA emailed the Discussion Paper to the board of ZHL.

88. On 21 March 2018 ZHH appointed Ms Philipps and David Hexter as directors of ZHL. It is understood that Mr Hexter is a former colleague of Ms Philipps.

89. The ZHL board (minus Ms Philipps and Mr Hexter) responded by a letter to Mr Anderson dated 23 March 2018. They noted their opposition to the appointments. In particular they stated that Ms Philipps was, in their view, too closely connected with Defendants to exercise independent judgment with regard to the best interests of ZHL.

90. They further expressed opposition to the proposal that the IPRs be assigned to the Foundation and leased back to ZHL, on grounds including:

- a) some IPRs had been transferred to clients or were held by staff;
- b) the transfer of the IPRs would remove ZHL's eligibility for certain tax credits, increasing its tax liabilities by £1m to £1.5m per annum; and
- c) after the assignment ZHL would have to pay a fee to use the IPRs, which it was currently entitled to use for no charge.



91. In the circumstances the existing ZHL board felt that the proposed assignment and licence back of the IPRs would damage ZHL's business and was not in its best interest.
92. On 7 April 2018 Ms Philipps emailed the Executors a draft memo proposing to call a board meeting of ZHH to pass resolutions requiring ZHL to take certain steps. She expressed concern that *'the Directors [of ZHL] continue to believe they have no duty to their sole shareholder but only to the ZHL...'* In fact, under ss 170-176 of the Companies Act 2006 a director's duties are to the company and not directly to the shareholders.
93. In the draft memo and email Ms Philipps proposed that, *inter alia*:
- a) no contracts of senior management of ZHL be amended or issues of remuneration of senior management be decided without ZHH's prior approval;
 - b) she should be the chairman of the ZHL board with Mr Hexter as her alternate; and
 - c) ZHL be directed to incorporate an audit committee comprised of Ms Philipps, Mr Hexter, and a staff member.
94. At a board meeting of ZHH held on 18 April 2018 attended by Mr Clarke, Ms Hadid, and Mr Schumacher, the board resolved to direct ZHL in the terms set out in Ms Philipps' proposal. They also directed ZHL to remunerate Ms Philipps and Mr Hexter up to a maximum of £45,000 per annum. They further appointed Ms Philipps a director of ZHH. Mr Schumacher voted against the resolution to direct ZHL in the terms of Ms Philipps' proposal.
95. On 16 August 2018 Mr Clarke authorised the payment of £49,229.97 to Ms Philipps from ZHH for 'consultancy work' between April and July 2018, in addition to her salary as a non-executive director of ZHL. Mr Schumacher opposed this payment.
96. In the premises Ms Philipps is working at the direction of the Defendants, rather than in the best interests of ZHL and ZHH.
97. On 2 November 2018 the board of ZHH resolved to direct ZHL to pay a dividend of £3.25 million to ZHH. This resolution was contrary to the interests of ZHL. Mr Schumacher voted against it. The Defendants voted for it.
98. As at the date hereof the Defendants continue to resist the transfer of the shares in ZHL into the EBT proposed by the directors of ZHL.



99. The Defendants' inability to set aside their hostility towards Mr Schumacher has motivated them to disregard the opposition to their actions by Mr Schumacher and the employees of ZHL, who were not only intended to benefit in accordance with the Letter of Wishes but also have a much greater understanding of the operational needs of the business. None of the Defendants were employed by or involved in the day-to-day running of ZHL during Dame Zaha's lifetime.

100. For the reasons set out above the Defendants have breached their duty to preserve the assets of ZHL and have undermined its ability to continue as a going concern.

Failure to take Dame Zaha's wishes into consideration

101. For the reasons set out above the Defendants have failed to have any proper regard to Dame Zaha's wishes as set out in the Letter of Wishes and have acted entirely contrary to them by altering the principles and business patterns of ZHL. In particular they have:

- a) appointed or sought to appoint new directors and removed a director appointed by Dame Zaha;
- b) exercised the shareholder powers of ZHH to direct the management of ZHL;
- c) threatened to dismiss Mr Schumacher as a director and sought to reduce his role in the management of ZHL;
- d) sought to transfer ZHL's IP to ZHH
- e) delayed transferring ownership of ZHL to Mr Schumacher and its employees; and
- f) procured a dividend payment of £4.5m and purported to procure a further payment of £3.25m to ZHH, thereby reducing ZHL's ability to continue as a going concern.

102. The Defendants have admitted that they believe that they need not take the Letter of Wishes into account when making decisions and assert that they have full discretion in distributing the Estate, including ZHL and ZHD. In a letter dated 27 March 2018 to Penningtons Manches written by Mr Clarke on behalf of the Defendants Mr Clarke stated:

'It was Zaha's wish that if the office [presumably ZHL] continued, it should be in her ethos and it was left to the discretion of the executors, taking account of prevailing and changing circumstances, how to distribute the assets of her estate, including the various businesses.'



Conclusion

103. The Defendants have breached their duties in having regard to their unjustified hostility towards Mr Schumacher when exercising their discretion. As a result of their personal animus they have failed properly to administer the Estate in further breach of their duties.
104. As a result of the Defendants' conduct in the administration of the Estate as pleaded above, Mr Schumacher has justifiably lost faith in the ability of the Defendants to discharge their fiduciary duties in a proper manner. The relationship between the Claimant (both as executor and beneficiary) and the Defendants has broken down entirely and irretrievably.
105. Mr Schumacher therefore seeks the Defendants' removal and replacement with an independent professional trustee. The following persons have agreed to act as substituted executor:
- a) Jeremy Gordon, a partner of Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3LH;
 - b) Mark Keenan, a partner of Mishcon de Reya LLP, Africa House, 70 Kingsway, London WC2B 6AH; and
 - c) Suzanne Marriott, a partner of Charles Russell Speechlys LLP, 5 Fleet Place, London EC4M 7RD.
106. Given the circumstances of the Defendants' appointment to the board of ZHH, Mr Schumacher further seeks an order requiring them to resign as directors of ZHH.

AND the Claimant claims:

- (1) An order that each of the Defendants be removed as executor and trustee of the Estate of Dame Zaha Hadid deceased, pursuant to Section 50 of the Administration of Justice Act 1985 and the court's inherent jurisdiction.
- (2) An order that such of Jeremy Gordon of Farrer & Co and/or Mark Keenan of Mishcon de Reya LLP and/or Suzanne Marriott of Charles Russell Speechlys LLP and/or any other independent professional as the court sees fit be appointed to act as substituted

executor(s) and trustee(s) and be entitled to charge remuneration for his/her services on such terms as the court sees fit.



(3) An order that the Defendants shall resign as directors of ZHH.

(4) Further or other relief.

(5) Costs.

RICHARD WILSON QC
AMY PROFERES

Statement of Truth

The Claimant believes that the facts stated in these Particulars of Claim are true.

T. H. Hadid
9 Dewes

9 Dewes

Palumbo
R. M. Hadid



Ran Hadid
9 Dewes

I, **ZAHA HADID** of Top Floor Flat 9a Darlington Street London England EC1V 0BQ declare this to be my last Will.

- 1 I revoke all my earlier testamentary dispositions.
- 2 I declare that this will shall extend to all my property wherever situate.
- 3 **Appointment of Executors**

I appoint:

- 3.1 My niece **RANA HADID** of Beit Shehadeh 37 Ibn Ruchd Street Mousseitbeh Beirut Lebanon
 - 3.2 My business partner **PATRIK SCHUMACHER** OF 21 Compton Avenue London N1 2DX and
 - 3.3 **BRIAN CLARKE** of Peel Cottage 80 Peel St London W8 7PF
- to be my executors and Trustees.

4 Legacies

I give the following legacies free of UK Inheritance Tax:

- 4.1 Five hundred thousand pounds (£500,000) to my brother **HAITHAM HADID**
- 4.2 Five hundred thousand pounds (£500,000) to my said niece **RANA HADID**
- 4.3 Five hundred thousand pounds (£500,000) to my nephew **HUSSEIN HADID** of Shehadeh 516 building Shouf Street Off Mar Elias Street Beirut Lebanon
- 4.4 Five hundred thousand pounds (£500,000) to my said business partner **PATRIK SCHUMACHER**
- 4.5 One hundred thousand pounds (£100,000) to my niece **TALA HADID**
- 4.6 One hundred thousand pounds (£100,000) to my nephew **NIK WILLIAMS**

5 Business property

The Trustees shall hold my Business Property on the trusts set out below as if references to the Trust Fund were references to:

- 5.1 my Business Property. and
- 5.2 all property from time to time representing the above.

6 Residuary Estate

- 6.1 My executors shall:
 - 6.1.1 pay my debts, funeral and testamentary expenses, legacies and Inheritance Tax on all property which vests in them: and
 - 6.1.2 hold the remainder ("my Residuary Estate") as set out below.
- 6.2 Debts, funeral and testamentary expenses, legacies and Inheritance Tax shall be payable out of the capital of my estate (subject to the Trustees' administrative powers relating to capital and income).

R. H. Hadid
Patric Schumacher