

AM03

Notice of administrator's proposals



Companies House

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1 Company details

Company number 03137728

Company name in full Hallam Estates Limited

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

2 Administrator's name

Full forename(s) Bob

Surname Maxwell

3 Administrator's address

Building name/number Fourth Floor

Street Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode LS12HJ

Country

4 Administrator's name ①

Full forename(s) Jonathan James

Surname Beard

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 2/3 Pavilion Buildings

Street

Post town Brighton


County/Region East Sussex

Postcode BN11EE

Country

② Other administrator
Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

| | | | |
|------------------------------|--|---|--|
| 6 | | Statement of proposals | |
| | | <input checked="" type="checkbox"/> I attach a copy of the statement of proposals | |
| 7 | | Sign and date | |
| Administrator's Signature | <div>Signature</div> <div>✕  ✕</div> | | |
| Signature date | <div><div><div>^d 0</div><div>^d 5</div></div><div><div>^m 0</div><div>^m 2</div></div><div><div>^y 2</div><div>^y 0</div><div>^y 2</div><div>^y 1</div></div></div> | | |

AM03

Notice 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

Laura Amann

Company name

Begbies Traynor (Central) LLP

Address

Fourth Floor

Toronto Square

Post town

Toronto Street

County/Region

Leeds

Postcode

L

S

1

2

H

J

Country

DX

Telephone

0113 244 0044



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 attached the required documents.
- ☐ 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,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email 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

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

Hallam Estates Limited (In Administration)

Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

Important Notice

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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1. INTERPRETATION

| <u>Expression</u> | <u>Meaning</u> |
|---|--|
| "the Company" | Hallam Estates Limited (In Administration) |
| "the administration" | The appointment of administrators under Schedule B1 of the Act on 17 December 2020 |
| "the administrators", "we", "our", "us" | Bob Maxwell of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Jonathan Beard of Begbies Traynor (Central) LLP, 2/3 Pavilion Buildings, Brighton, East Sussex, BN1 1EE |
| "the Act" | The Insolvency Act 1986 (as amended) |
| "the Rules" | The Insolvency (England and Wales) Rules 2016 (as amended) |
| "secured creditor" and "unsecured creditor" | Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act) |
| "security" | (i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act) |
| "preferential creditor" | Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act |

2. STATUTORY INFORMATION

| | | |
|---|--|--------------|
| Name of Company | Hallam Estates Limited | |
| Trading name: | The Grand | |
| Date of Incorporation: | 14 December 1995 | |
| Company registered number: | 03137728 | |
| Company registered office: | Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ | |
| Former registered office: | The Grand, The Leas, Folkestone, Kent, CT20 2XL | |
| Trading address: | The Grand, The Leas, Folkestone, Kent, CT20 2XL | |
| Principal business activities: | Letting and operating of own or leased real estate | |
| Directors and details of shares held in the Company (if any): | Name | Shareholding |
| | Robert Moss | Nil |
| Company Secretary and details of the shares held in Company (if any): | Name: | Shareholding |
| | Michael Stainer | Nil |
| Accountant/Auditor: | None | |
| Share capital: | 1 Ordinary Share | |
| Shareholders: | Peter Sarstedt | |

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

| | |
|--|--|
| Date of appointment: | 17 December 2020 |
| Date of resignation: | N/A |
| Court: | The Business & Property Courts of England & Wales |
| Court Case Number: | CR-2020-004300 |
| Person making appointment / application: | The Court upon the application of Ms A Mooney |
| Acts of the administrators: | The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time. |
| EU Regulation on Insolvency Proceedings: | Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation. |

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- “3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole.”

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

The Company, formed in December 1995, owns the freehold of The Grand, The Leas, Folkstone, Kent, CT20 2XL ("the Property"). The Property is a large, mixed use period property consisting of 67 residential flats together with commercial units and other disused space. The freehold title of the Property consists of three titles:

- An apartment and office suite at The Grand (title number K759594)
- An apartment at The Grand (title number K759595)
- The Grand (title number K394241)

We understand the 67 residential flats are subject to leases. 45 of which have a short-term lease of approximately 53 years unexpired and 22 flats have a long-term lease of in excess of 100 years unexpired.

Of the 67 leases in total, 61 leases relate to title number K394241, 4 title number K759594 and 2 title number K759595. In addition, each title is subject to other incumbrances and some benefits. We further understand that receivers have been appointed over some of the leasehold flats by lenders as a result of mortgages in default.

The sole director of the Company is Robert Moss, who replaced Michael Stainer on 19 November 2018. Michael Stainer resigned from his position as director upon having been made bankrupt, along with his wife, Doris Stainer. According to Companies House and the Land Registry, a charge over title number K394241 was created in favour of Mrs Stainer on 24 April 2018, which we understand secures a principal debt in the sum of £691,361.

On appointment, Mrs Stainer was the Company secretary. However, according to Companies House, on 30 December 2020, i.e. after our appointment, Mrs Stainer's appointment was terminated and Michael Stainer was appointed secretary. In addition, accounts for the year ending 31 March 2020 were filed at Companies House on 31 December 2020. The above were filed without the knowledge or permission of the administrators.

In June 2014, a manager was appointed to the residential areas of the Property by the First Tier Tribunal (Property Chamber) ("FTT"), who was subsequently replaced by Ms Alison Mooney in July 2018. Ms Mooney was empowered to demand maintenance and service charge sums from the Company as landlord.

Ms Mooney subsequently demanded circa £9.6k in July 2019 from the Company. This was not paid, and a statutory demand was served on the Company on 9 October 2019, which was disputed as the Company claimed it was due monies, which, if set off, would mean that Ms Mooney was indebted to the Company for a sum in the region of £44k. In addition, it was disputed that the Company was insolvent as the value of the Company's assets exceeded the value of its liabilities once the value of the undeveloped residential units was accounted for, and that the Company was not cash flow insolvent but rather was profitable and generated a weekly surplus of income.

Following an insurance survey by Aviva in September 2020, insurance cover was cancelled for various reasons. Despite alternative providers being approached, no other insurer was prepared to provide cover and so the Property therefore remained uninsured.

On 23 November 2020, as a result of sums due under the management order and in respect of unsatisfied cost orders made against the Company, Ms Mooney made an application for an order appointing administrators over the Company

The first court hearing was held on 4 December 2020 and was adjourned until 17 December 2020. At the second hearing, the judge was satisfied that the Company was clearly insolvent on both a balance sheet and cash flow basis. The balance sheet showed a considerable deficiency and the Company had not satisfied sums demanded or the sums that had fallen due pursuant to the outstanding invoices and the cost orders.

Accordingly, it was ordered that Bob Maxwell and Jon Beard of Begbies Traynor be appointed administrators over the Company.

5. STATEMENT OF AFFAIRS

Formal notices have been sent to the Company's director to submit a statement of affairs pursuant to Rule 3.27 of the Insolvency Rules 2016. To date, no complete statement of affairs has been received.

In the circumstances, Rule 3.35(1) of the Insolvency Rules 2016 dictates that we must provide details of the financial position of the Company at the latest practicable date (which must, unless the court otherwise orders, be a date not earlier than that on which the company entered administration), a list of the Company's creditors including their names, addresses and details of their debts, including any security held.

To this end, a statement of the Company's estimated financial position, together with a list of creditors, as at 17 December 2020 is included at Appendix 2.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 17 December 2020 to 5 February 2021.

Work undertaken by the Administrators and their staff

On appointment, we attended the Company's property, The Grand, Folkestone ("the Property"), to undertake an initial inspection. Travel costs in the sum of £31 have been incurred from this site visit.

There are certain tasks that we have a statutory obligation to undertake on appointment and therefore the necessary documents have been filed with the Registrar of Companies and notice of our appointment has been advertised in the London Gazette. The sum of £95 has been incurred with Courts Advertising Limited in respect of advertising costs. Formal notice of our appointment has also been sent to the Company.

An initial letter was sent to all known creditors notifying them of the administration and requesting a statement of account showing amounts due from the Company. We have logged creditor claims as and when received but have not yet taken steps to formally agree or admit claims. We have also written to all professional and financial advisors of the Company in order to ascertain information they may hold.

Correspondence has been issued to HM Revenue & Customs. As the Company is not VAT registered then VAT will be irrecoverable.

We have obtained a statutory bond that is sufficient to cover the value of total realisations during the Administration in order to protect the interests of the Company's creditors. The sums of £40 and £18 have been incurred with Marsh Limited and the Insolvency Risk Services respectively.

Immediately on appointment we instructed insurance brokers, Eddisons Insurance Services Limited ("EIS"), to obtain an open cover policy to insure the Property. This has been obtained at a cost of £7,750 per month.

We have instructed our agents, Eddisons Commercial Limited ("Eddisons"), to advise on all matters pertaining the Property with a view to a sale of the same. Some expressions of interest have already been received. Their costs to date are £2,500 plus VAT. Our solicitors, Addleshaw Goddard LLP, have been

instructed to provide advice to the administrators and we have liaised with them throughout since our appointment, including a report on title in order to aid our understanding of the Property given its various complexities. Their costs to date are £10,000 plus VAT.

Initial exploratory work has been undertaken in conjunction with our agents and solicitors and we understand that Part 1 of the Landlord and Tenant Act 1987 will apply in this case. This gives qualifying tenants of flats a right of first refusal, enabling them to purchase the interest of their landlord when the landlord proposes to dispose of it.

Since appointment, we have liaised with the Tribunal Appointed Manager, Alison Mooney of Westbury Residential, to discuss various matters relating to the Property, including the background to her involvement, her current role and the strategy in relation to the Property, historic ground rents and also her claim in the administration relating to the Company's contribution to annual service charge and major works. Ms Mooney advises she is currently holding historic ground rents in the region of £10,000 and we have requested these be transferred to the administration account. On 30 December 2020, Ms Mooney's term as manager was extended for a further three years.

We have also liaised with the trustee in bankruptcy for Mrs Stainer in relation to her charge over the Company. Other parties we have corresponded with include the local authority with regard to high value art works and other valuable items of theirs at the Property, the premises licence and their claim in the administration for non-domestic rates and grants.

We have attempted to establish the identity of any occupants of the commercial parts and we have also fielded enquiries from parties scheduled to hold events in the commercial parts and also individuals who work in the Property, believing they may be employees of the Company. The director of the Company however has advised that it does not have any employees.

The Joint Administrators are required to produce this Statement of Proposals within eight weeks of appointment. We have complied with our duties in this respect.

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment are as follows:

Secured creditor

According to records at Companies House and the Land Registry, Doris Stainer holds a legal charge over the freehold title number K394241. The charge was created on 24 April 2018 and delivered at Companies House on 3 May 2018.

The above forms part of the assets in the bankruptcy of Mrs Stainer and we have therefore corresponded with Mrs Stainer's trustee in bankruptcy, Adrian Dante of MHA MacIntyre Hudson. We understand Mr Dante is soon to be replaced as trustee by Georgina Eason of the same firm.

MHA MacIntyre Hudson advise the charge secures a principal debt in the sum of £691,361. Further investigations will be undertaken to establish the background and circumstances to this charge.

Preferential creditors

The director of the Company has confirmed that it did not have any employees. There are therefore no known preferential creditors.

Secondary preferential creditors

Further to the changes to the Finance Act 2020, HM Revenue & Customs are now able to claim secondary preferential status for certain liabilities. Taxes owed by the business to HMRC comprising of VAT, PAYE Income Tax, Employee National Insurance Contributions, Student loan deductions and Construction Industry Scheme deductions fall under the secondary preferential status.

HM Revenue & Customs has submitted a claim in the Administration in the sum of £1,350 however their claim does not relate to any of the taxes listed above. Their claim therefore does not have secondary preferential status.

Unsecured creditors

Claims of unsecured creditors were estimated at £435,405.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditor as follows:

Secured creditor

Assuming the charge in favour of Mrs Stainer is valid and enforceable, the outcome is dependent upon the level of realisations achieved for title number K394241. Whilst Eddisons' assessment of value is still ongoing, it is not anticipated that the secured creditor will be repaid in full.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property;
- ☐ 20% of net property thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the prescribed part of net property if:

- ☐ the net property is less than £10,000 and the administrator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, Section 176A will not apply and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Unsecured creditors

The outcome to unsecured creditors is largely dependent upon the value achieved for the title over which Mrs Stainer holds a charge together with the outcome of our investigations into the charge. The value of the uncharged titles is currently thought to be minimal.

At this stage, based on current information, we anticipate that there will be insufficient realisations to enable a dividend to unsecured creditors.

Effect of administration on limitation periods under the Limitation Act 1980

As explained in our initial correspondence confirming our appointment as administrators, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

It was not considered reasonably practicable to achieve objective 3(1)(a) given its significant liabilities, ongoing litigation and the fact its main asset, the freehold property, has fallen into such disrepair meaning that it required significant working capital in order to continue. By the Company entering into administration this has avoided the statutory fees that would be incurred in a compulsory winding up.

It should also be noted that the objective specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors, can also be achieved in this case.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the following principal matters:

- Realise the Company's freehold property;
- Realise all outstanding ground rents;
- Fulfil our statutory duties, including submitting a report on the director's conduct; and
- Undertake investigations generally to identify any matters which would give rise to claims which could be pursued for the benefit of creditors.

Following these events, we propose to finalise distributions to the secured creditor.

Exit from Administration

Dissolution

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose

to deliver a notice of moving from administration to dissolution to the Registrar of Companies. Upon the registration of such notice our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

Creditors' Voluntary Liquidation

However, if the total amount which each secured creditor of the Company is likely to receive will be paid or set aside, a distribution will be made to the unsecured creditors of the Company which is not a distribution of the prescribed part¹.

We have the power to make a distribution of the prescribed part to unsecured creditors in the administration but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration creditors' voluntary liquidation to the Registrar of Companies. Upon the registration of such notice our appointment as administrators shall cease to have effect and the Company will automatically be placed into liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator.

We confirm that as part of our proposals we propose that we, or in the event of there being a subsequent change of persons appointed as administrator, the individuals in office as such immediately prior to the Company being placed into liquidation, do act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office.

Contingency plan – extending the administration

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the sale of the freehold title of the Property. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

¹ Insolvency Act 1986, Sch B1, para 83(1)

9. PRE-ADMINISTRATION COSTS

In the period before the Company entered administration, we carried out work consisting of reviewing court papers, attending two court hearings, liaising with solicitors in relation to the same and planning for the administration ("the Work").

The Work was carried out before the Company entered administration because we were required to attend court as the proposed administrators and so that we had the knowledge required to immediately take control once appointed. For these reasons, we consider that the Work has furthered the achievement of the objective of administration being pursued, namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

The pre-administration costs are broken down as follows:

| Description | Name of recipient | Net amount £ | VAT £ | Gross amount £ |
|--|-----------------------|-----------------|----------|-------------------|
| Our fees in relation to the Work | Begbies Traynor | 8,316.00 | 1,663.20 | 9,979.20 |
| Applicant's Legal Fees and Disbursements | Addleshaw Goddard LLP | 21,807.92 | 4,305.58 | 26,113.50 |
| Applicant's Attendance Fee | Ms A Mooney | 500.00 | 100.00 | 600.00 |
| TOTAL PRE-ADMINISTRATION COSTS | | 30,623.92 | 6,068.78 | 36,692.70 |

The court ordered at the hearing on 17 December 2020 that the applicant's costs of the application be paid as an expense of the Administration. The application costs amount to £22,308 plus VAT. These costs have been paid by Ms Mooney as the Applicant, who is seeking to have them reimbursed as an expense of the Administration.

The pre-administration costs are unpaid, and we are seeking that they be paid as an expense of the administration. Approval to discharge such costs ("the unpaid pre-administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, the secured creditor of the Company. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

10. REMUNERATION AND DISBURSEMENTS

Remuneration

We propose that the basis of our remuneration be fixed under Rule 18.16 of the Rules by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters as set out in the fees estimate.

We consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part fund of any net floating charge property). In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for

the secured creditor of the Company to determine the basis of our remuneration under Rule 18.18 of the Rules.

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 17 December 2020.

Disbursements

We propose that disbursements for services provided by our firm and/or entities within the Begbies Traynor group, be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by us and will be payable subject to the approval of those responsible for determining the basis of our remuneration.

Estimate of expenses

We are required by the Rules to provide creditors with details of the expenses that we consider will be, or are likely to be, incurred in the course of the administration. This information also appears at Appendix 3.

Expenditure incurred to date

The following items of expenditure have been charged to the case since the date of our appointment:

- Agents Fees - £2,500 plus VAT
- Bond Cost – £58 plus VAT
- Insurance Costs - £7,750 plus VAT
- Land Registry Search Fees - £3 plus VAT
- Mileage - £31 plus VAT
- Solicitors Fees - £10,000 plus VAT and disbursements
- Statutory Advertising - £95 plus VAT

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

We have a statutory duty to investigate the conduct of the directors and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Energy and Industrial Strategy.

As administrators of the Company we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

Investigations carried out to date

We have undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect.

Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties.

Deemed delivery

These proposals will be deemed to have been delivered on 9 February 2021.

Use of personal information

Please note that in the course of discharging our statutory duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

12. CONCLUSION

As explained in Section 7 above, the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of the prescribed part).

In the circumstances, we are not required to seek a decision from the creditors on the approval of our proposals. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may request that a decision is sought from the unsecured creditors as to whether to approve our proposals, via a qualifying decision procedure. Any such request must be delivered to our office in writing within 8 business days of 9 February 2021. If no such requests are received, our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

Subject to the approval of our proposals we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



R A H Maxwell
Joint Administrator

Date: 5 February 2021

ACCOUNT OF RECEIPTS AND PAYMENTS, 17 December 2020 to 5 February 2021

£ £

NIL

REPRESENTED BY

NIL

ESTIMATED FINANCIAL POSITION AS AT 17 December 2020

| | Notes | Book Value £ | Estimated to Realise £ |
|--|-------|-----------------|---------------------------|
| Assets Subject To Fixed Charge | | | |
| Title number K394241 | 1 | Uncertain | Uncertain |
| Less: Due to Doris Stainer | 1 | | (691,361) |
| Surplus / (Shortfall) to Doris Stainer | | | (691,361) |
| Uncharged Assets | | | |
| Title number K759594 | 2 | Uncertain | Uncertain |
| Title number K759595 | 2 | Uncertain | Uncertain |
| Ground Rents | 3 | 17,190 | 17,190 |
| Total Assets | | | 17,190 |
| Funds Available For Preferential Creditors | | | 17,190 |
| Preferential Creditors | | | 0 |
| Total Available For Unsecured Creditors | | | 17,190 |
| Less: Unsecured Creditors | | | |
| Alison Mooney | 4 | | (251,723) |
| Folkestone & Hythe District Council | 5 | | (146,480) |
| HM Revenue & Customs | 6 | | (1,350) |
| National Westminster Bank plc | 7 | | (7,369) |
| SSE Energy Supply Limited | 8 | | (28,483) |
| Surplus / (Shortfall) To Unsecured Creditors | 9 | | (418,215) |
| Less: Share Capital | | | (1) |
| Surplus / (Shortfall) To Shareholders | | | (418,216) |

NOTES TO THE ESTIMATED FINANCIAL POSITION AS AT 17 DECEMBER 2020

Notes to the Estimated Financial Position

1. The freehold of the Property consists of three titles:

- An apartment and office suite at The Grand (title number K759594)
- An apartment at The Grand (title number K759595)
- The Grand (title number K394241)

Doris Stainer holds a charge over title number K394241, created on 24 April 2018, which secures her principal debt of £691,361. This debt does not include any interest and so could increase further. We are unable to ascertain book values and estimated to realise values to the freehold titles due to the inconsistencies in the annual accounts and a lack of information provided by the Company. It is not anticipated that Doris Stainer will be repaid in full.

2. Both the title numbers K759594 and K759595 are uncharged assets. For the same reasons as stated above, we are unable to ascertain book values and estimated to realise values to the freehold titles.
3. The property manager is currently holding circa £10,000. We also understand that ground rents of £3,595 per annum for 2019 and 2020 have yet to be demanded but that these are also due.
4. Alison Mooney, the property manager, has submitted a claim in the sum of £251,723, of which the sum of £123,269 we understand relates to the balance on our appointment. The balance in the main relates to 25% annual service charge budget for the year 2020/21 and 25% reserve of fire prevention works.
5. Folkestone & Hythe District Council have submitted a claim in the sum of £146,480. £95,000 of this claim relates to grants which were issued to the Company during the Covid-19 pandemic for which the Council has now requested are refunded as the Company was not eligible due to state aid rules. The balance of their claim relates to non-domestic rates bills for 2018, 2019 and 2020.
6. We understand the claim of HM Revenue & Customs in the sum of £1,350 relates to enforcement costs.
7. We understand National Westminster Bank plc ("Natwest") are owed £7,369 in respect of an overdrawn balance on the Company's bank account. We further understand that Natwest have a first charge over The Pembroke Suite leasehold flat at The Grand, as security of this debt, although we note that there is no security over the Company in this regard.
8. SSE Energy Supply have submitted a claim in the sum of £28,483 which relates to outstanding utility supplies.

Creditors' claims are subject to agreement and will not be prejudiced by omission from the estimated financial position or by inclusion in a different amount from that claimed.

9. The estimated total deficiency is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

ESTIMATED FINANCIAL POSITION AS AT 17 DECEMBER 2020 – SCHEDULE OF CREDITORS

SCHEDULE OF CREDITORS

| Name | Address | Amount of debt (£) | Details of any security held by creditor | Date security given |
|-------------------------------------|--|--------------------|--|---------------------|
| Doris Stainer | C/O MHA Macintyre Hudson, 6TH Floor, 2 London Wall Place, London, EC2Y 5AU | 691,361.00 | Legal charge over the The Grand (title number K394241) | 24 April 2018 |
| National Westminster Bank plc | PO Box 569, Adwick Park, Manvers, Rotherham, S63 3FB | 7,369.19 | The Pembroke Suite leasehold flat, The Grand | Unknown |
| HM Revenue & Customs | Durrington Bridge House, Barrington Road, Worthing, BN12 4SE | 1,350.00 | | |
| SSE Energy Supply Limited | No.1 Forbury Place, 43 Forbury Road, Reading, Berkshire, RG1 3JH | 28,483.20 | | |
| Folkestone & Hythe District Council | Civic Centre, Castle Hill Avenue, Folkestone, Kent, CT20 2QY | 146,479.79 | | |
| Alison Mooney | c/o Westbury Residential Limited, 200 New Kings Road, London, SW6 4NF | 251,723.10 | | |

REMUNERATION AND EXPENSES

Total time spent to 5 February 2021 on this assignment amounts to 148 hours at an average composite rate of £338 per hour resulting in total time costs to 5 February 2021 of £50,087.

To assist creditors in determining this matter, the following further information appears in this appendix:

- ☐ Begbies Traynor (Central) LLP's charging policy
- ☐ Pre-administration Time Costs Summary with Pre-Administration Time Costs Analysis
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value
- ☐ The Administrators' fees estimate
- ☐ Details of the expenses that the Administrators consider will be, or are likely to be, incurred

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address: <http://www.creditorinsolvencyguide.co.uk/>

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ Category 1 disbursements (approval not required) - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ Category 2 disbursements (approval required) - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a Category 1 disbursement) is charged on the basis that the number of standard archive boxes

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

Services provided by other entities within the Begbies Traynor group

The following items of expenditure which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

Instruction of BTG Advisory to provide debt collection services. Their charges will be equivalent to 10% of book debt realisations

Instruction of Eddisons Commercial Ltd to provide Valuation and asset disposal services . Their charges will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

| Grade of staff | Charge-out rate (£ per hour) |
|----------------|------------------------------|
| Director | £275 |
| Associate | £180 |
| Surveyor | £120 |
| Graduate | £100 |
| Administration | £80 |
| Porters | £35 |

Eddisons Commercial may also charge as a percentage of realisations achieved from the sale of assets. Their charges will be equivalent to 10% of sale proceeds.

Eddisons Commercial Limited are also instructed to provide risk management services, in particular: the management of insurance compliance works for vacant properties including the installation of a temporary monitored alarm . Their charges for providing these services will be calculated

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

| Grade of staff | Charge-out rate (£ per hour) |
|----------------|------------------------------|
| Director | £275 |
| Associate | £180 |
| Surveyor | £120 |
| Graduate | £100 |
| Administration | £80 |
| Porters | £35 |

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks

relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3 month period immediately following appointment is £23,250 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Where relevant, administration fees may be charged, These costs are taken into consideration and included within the forecasted cost of insurance, above.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

Where EIS have initially been consulted on a policy, but the policy has not been taken out, EIS will charge an administration fee of £150.

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a Category 1 disbursement:

- Telephone and facsimile
- Printing and photocopying
- Stationery

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the office as at the date of this report are as follows:

| Grade of staff | Charge-out rate (£ per hour) 1 December 2018 – until further notice |
|----------------------|---|
| Partner | 495 |
| Director | 445 |
| Senior Manager | 395 |
| Manager | 345 |
| Assistant Manager | 250 |
| Senior Administrator | 225 |
| Administrator | 175 |
| Junior Administrator | 140 |
| Support | 140 |

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

PRE ADMINISTRATION TIME COSTS SUMMARY

CASE NAME: Hallam Estates Limited
CASE TYPE: Administration
OFFICE HOLDERS: Bob Maxwell and Jonathan Beard
DATE OF APPOINTMENT: 17 December 2020

1 CASE OVERVIEW

1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case.

1.2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table.

Full details of the work undertaken by the administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals.

1.3 Overview of work undertaken prior to appointment

In the period before the Company entered administration, we carried out work consisting of reviewing court papers, attending two court hearings, liaising with solicitors in relation to the same and planning for the administration.

1.4 Complexity of work undertaken prior to appointment

The work undertaken prior to appointment was of medium complexity. The work involved understanding the background to the Company and the various issues and the claim of the applicant. Work was often undertaken at short notice.

1.5 Exceptional responsibilities

We do not believe we have had any exceptional responsibilities in relation to the pre-appointment work.

1.6 **The proposed Administrators' effectiveness**

Our work enabled us to take immediate steps to deal with matters once appointed and form the most appropriate strategy.

1.7 The views of the creditors

The proposed administrators liaised with the creditor who made the administration application.

- 1.8 Approval of fees, expenses and disbursements incurred in the period prior to appointment

The Administrators are seeking a resolution in relation to their pre-administration costs as follows: that the unpaid pre-administration costs detailed in the joint administrators' Statement of Proposals for achieving the purpose of administration, be approved for payment.

- 1.9 Expenses and disbursements incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor and/or another entity with Begbies Traynor Group

No category 2 disbursements or disbursements that should be treated as category 2 disbursements were charged to the case in the pre appointment period.

- 1.10 Other professionals employed & their costs

No other professionals were employed in the pre administration stage.

- 1.11 Staffing and management

The staff working on this case in the pre administration period consisted of one of the proposed administrators.

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

- 2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 3.

- 2.2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 3.

| Staff Grade | | Consultant/P artner | Director | Snr Mngr | Mngr | Asst Mngr | Snr Admin | Admin | Jnr Admin | Support | Total Hours | Time cost £ | Average hourly rate £ |
|----------------------------------|--|------------------------|----------|----------|------|-----------|-----------|-------|-----------|---------|-------------|-------------|--------------------------|
| Administration | Administration | | | | | | | | | | | | |
| | Case planning | | | | | | | | | | | | |
| Assets | Negotiation of sale of business +/- assets | | | | | | | | | | | | |
| Creditors | Other creditors | | | | | | | | | | | | |
| | Secured - correspondence and meetings | | | | | | | | | | | | |
| Other Matters | Meetings and correspondence with directors | 16.8 | | | | | | | | | 16.80 | 8,316.00 | 495.00 |
| | Travel | | | | | | | | | | | | |
| Total hours by staff grade | | 16.8 | | | | | | | | | 16.8 | | |
| Total time cost by staff grade £ | | 8,316.00 | | | | | | | | | | 8,316.00 | |
| Average hourly rate £ | | 495.00 | | | | | | | | | | | 495.00 |
| Total fees drawn to date £ | | | | | | | | | | | | 0.00 | |

Hallam Estates Limited

SUMMARY OF TIME COSTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees to consider the level of our fees and expenses in the context of the case.

What work has been done since we were appointed, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached.

General case administration and planning

We have formulated an appropriate strategy and monitored and reviewed that strategy; including meetings with internal and external independent advisors to consider practical, technical and legal aspects of the case.

We are also required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case. Costs in this respect will fall under the above heading.

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progressing of the administration, which ensures that the joint administrators and their staff carry out their work to high professional standards.

Compliance with the Insolvency Act, Rules and best practice

There are certain tasks which we have a statutory obligation to undertake during the Administration. We have notified the various bodies of our appointment and advertised our appointment in the London Gazette. The sum of £95 has incurred to Courts Advertising Limited in respect of statutory advertising costs.

We have also prepared our Statement of Proposals, as we are obliged to do, to provide creditors with a detailed explanation of the reasons for the failure of the Company, the progress made during the administration to date and the work which will be undertaken going forward in order to achieve the objective of the administration.

We have also ensured the case is adequately bonded, as it is our statutory obligation, in order to protect the interest of creditors. The sums of £40 and £18 have incurred to Marsh Limited and the Insolvency risk Services respectively.

This work does not benefit creditors financially but is necessary in accordance with the Insolvency Act, Rules and best practice.

Investigations

We have a duty to examine the conduct of the Company and its directors in order to identify what assets are available for realising for the benefit of the creditors, including any actions against directors or other parties, such as challenging transactions at undervalue or preferences. Such investigations will also enable the joint administrators to report to The Insolvency Service on the conduct of the directors so that the Insolvency Service may consider whether disqualification proceedings are appropriate.

We have carried out an initial assessment of the conduct of the Company and its directors. In the early stages of the administration, this work has involved examining the Company's books and records in our possession, seeking information from third parties and considering information received from creditors and seeking information from the Company's directors by means of questionnaires and direct requests.

Any financial benefit to creditors in carrying out the above work is unclear at present however creditors will receive updates on these matters in our progress reports.

Realisation of assets

Insolvency Practitioners are required to maximise realisations for the benefit of the Company's creditors.

The Company holds the freehold title of The Grand, The Leas, Folkstone, Kent, CT20 2XL ("the Property") which is split into three titles and consists of 67 residential leasehold flats and commercial units.

Agents, Eddisons Commercial Limited ("Eddisons") have been instructed to provide valuation and marketing advice Eddisons costs to date in this respect amount to £2,500 plus VAT.

We instructed our insurance brokers, Eddisons Insurance Services Limited ("EIS"), to obtain open cover insurance in order to cover any assets owned by the Company. EIS' insurance costs are £7,750 per month.

The Property Manager is currently holding circa £10,000 in respect of historic ground rents. We have liaised with the appointed manager, Alison Mooney, to realise these funds and to understand the position with regard to any other ground rents that are due.

All work carried out in respect of the asset realisation is for the purpose of realising property and assets for the benefit of the creditors generally.

Dealing with all creditors' claims (including employees), correspondence and distributions

Time has been spent liaising with the trustee of Mrs Doris Stainer's bankruptcy in relation to her charge over title number K394241 and the associated debt.

We have maintained a database as regards creditors' contact details and claims and logged their claims and supporting information.

We have received queries from individuals who believe to be employees of the Company however the director has advised that the Company did not have any employees. We therefore do not believe there are any preferential creditors.

Other matters which include, seeking decisions from creditors (via DCP and/or via Decision Procedures), meetings, tax, litigation, pensions and travel

We have attended The Grand, Folkestone, to undertake an initial site visit.

Time has been spent attending virtual meetings and telephone conferences with solicitors, Addleshaw Goddard LLP, Ms Mooney and Eddisons to discuss various aspects of the case.

There may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case.

Time Costs Analysis

An analysis of time costs is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving the total costs and average hourly rate charged for each work type.

Please note that the analysis provides details of the work undertaken by us and our staff following our appointment only.

The Administrators are seeking a resolution in relation to their pre-Administration costs as follows: 'that the unpaid pre-Administration costs detailed in the Joint Administrators' statement of proposals for achieving the purpose of Administration, be approved for payment'. Further details of what the pre-Administration costs are detailed at Section 9 in the body of the proposals.

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

As the Administration progresses, updates will need to be made to the strategy dependent upon the outcome of the realisations and investigations. This will include meetings between members of staff to formulate the strategy moving forward and ensure that the strategy is achieved. We are also required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case on an ongoing basis. This will include compliance reviews, internal checklist updates and periodic case reviews.

Whilst this work will not benefit creditors financially, it is necessary to ensure efficient progress of the case and is required in accordance with law and by our regulatory body.

Compliance with the Insolvency Act, Rules and best practice

We are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in the efficient and compliant progressing of the administration, which ensures that we carry out our work to high professional standards.

The Act and Rules require that we produce interim progress reports on a six monthly basis to provide an update to the creditors of the progression made during the Administration, provide an analysis of time costs incurred and a review of actual costs and accrued costs against the fee and expense estimates. These documents will be filed to meet statutory requirements.

In addition, a final progress report will have to be produced once the Administration has reached its conclusion. This will provide creditors with an overview of the Administration, including all realisations, costs and the final outcome for creditors.

Should the Administration need to be extended beyond its statutory term of 12 months, the administrators have a duty to seek an extension, firstly from the creditors and subsequently by Order of the Court, should a further extension be required.

Progress reports and the other statutory documentation detailed above must also be filed with the Registrar of Companies in accordance with the Act. We will also periodically monitor realisations and compare to the statutory bond level to ensure that sufficient cover is in place at all times in order to protect the interests of the Company's creditors.

Time will also be spent monitoring and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments.

Investigations

Time will be spent submitting a report to the Insolvency Service and preparing and submission of a supplementary report is required and assisting the Insolvency Service with its investigations.

Investigations will include examining the Company's books and records, considering the information received from creditors and the Company's accountants and seeking information from the Company's directors and other senior staff by means of questionnaires and/or interviews. Time will also be spent reconstructing the financial affairs of the Company.

We have received information from third parties which have warranted further investigation. The outcome of our investigations and any financial benefit will be disclosed in future progress reports.

It is unclear at present whether the work carried out will lead to any financial benefit to creditors.

Realisation of assets

We will continue to liaise with Eddisons with regard to their assessment of valuation for the freehold of The Grand and the strategy to maximise realisations of the same.

We understand that Part 1 of the LTA 1987 applies in this case, which would give qualifying tenants of flats a right of first refusal enabling them to purchase the interest of their landlord once the landlord is in a position to dispose of it. Therefore, work will be undertaken to ensure our compliance in this regard.

We will continue to maintain appropriate insurance cover and ensure we are compliant with the insurer's requirements.

We will continue to liaise with the manager with regard to both historic ground rents and future ground rent demands.

Dealing with all creditors' claims (including employees), correspondence and distributions

Time will be spent maintaining the database as regards creditors' contact details and claims, responding to creditors' queries and logging their claims and supporting information.

If there is likely to be a distribution, creditors will be made aware of this at the earliest possibility, whether it be detailed in our initial correspondence, a progress report or by notice of intended dividend issued during the course of administering the case.

Creditors' claims will be dealt with in accordance with the order of priority, and therefore only if there is a prospect of a dividend in the insolvency proceedings, will those specific claims be adjudicated on.

Further work will be undertaken to understand the background which led to the charge in favour of Mrs Stainer over title K394241. This will require further dialogue with her trustee in bankruptcy and the security advice of our solicitors, as is standard practice in such circumstances.

Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures) tax, litigation, pensions and travel

During the course of administering the case, the Insolvency Practitioner will be required to seek decisions from creditors on various proposed resolutions, including the basis of our remuneration and whether a creditors committee is formed. While writing to creditors to advise that our statement of proposals have been prepared, we are seeking a decision from creditors to the approval of our remuneration and disbursements. Further details of the decisions being sought are at Sections 9 & 10 within the main body of our proposals.

We are also required to submit Tax returns when appropriate to pay over any taxes due to HMRC. As detailed above, we are also duty bound to provide notifications and further assistance to pensions departments where applicable.

The Company is not registered for VAT and therefore all VAT incurred will be carried as an expense of the Administration.

We may be required to travel to the Company's premises, or to a meeting external to our office if it assists with our realisation of assets, investigations or another aspect of the case.

There may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case. Creditors will be notified of all of our actions in the progress and/or final reports issued.

How much will this further work cost?

As detailed in the fee estimate attached at Appendix 3, we estimate the total time costs for the Administration to total £120,608. Please be advised that this is just an estimate based upon the time spent on similar historic cases.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above, as well as expenses that we have already incurred, are set out in the estimate of anticipated expenses attached at appendix 3.

SIP9 Hallam Estates Limited - Administration - 80HA856.ADM : Time Costs Analysis From 17/12/2020 To 05/02/2021

| Staff Grade | | Consultant/Partner | Director | Snr Mngr | Mngr | Asst Mngr | Snr Admin | Admin | Jnr Admin | Support | Total Hours | Time Cost £ | Average hourly rate £ |
|---|--|--------------------|----------|-----------|----------|-----------|-----------|----------|-----------|---------|-------------|-------------|-----------------------|
| General Case Administration and Planning | Case planning | 2.8 | | 0.8 | 3.3 | | | 1.0 | | | 7.9 | 3,015.50 | 381.71 |
| | Administration | 3.0 | 0.9 | 1.8 | | | | 1.0 | | 0.3 | 7.0 | 2,813.50 | 401.93 |
| | Total for General Case Administration and Planning: | 5.8 | 0.9 | 2.6 | 3.3 | | | 2.0 | | 0.3 | 14.9 | 5,629.00 | 381.21 |
| Compliance with the Insolvency Act, Rules and best practice | Appointment | | | 17.5 | | | | 9.1 | | 0.2 | 26.8 | 8,533.00 | 318.40 |
| | Banking and Bonding | | | 0.2 | | | | | | 0.3 | 0.5 | 121.00 | 242.00 |
| | Case Closure | | | | | | | | | | | | 0.00 |
| | Statutory reporting and statement of affairs | | | 22.6 | | | | 34.2 | 1.8 | | 58.6 | 15,164.00 | 258.77 |
| | Total for Compliance with the Insolvency Act, Rules and best practice: | | | 40.3 | | | | 43.3 | 1.8 | 0.5 | 85.9 | 23,818.00 | 277.28 |
| Investigations | CDDA and investigations | | | 4.0 | | | | | | | 4.0 | 1,580.00 | 395.00 |
| | Total for Investigations: | | | 4.0 | | | | | | | 4.0 | 1,580.00 | 395.00 |
| Realisation of assets | Debt collection | | | 1.7 | | | | | | | 1.7 | 671.50 | 395.00 |
| | Property, business and asset sales | 14.0 | | 12.9 | | | | 0.5 | | | 27.4 | 12,113.00 | 442.08 |
| | Retention of Title/Third party assets | | | 1.0 | | | | | | | 1.0 | 395.00 | 395.00 |
| | Total for Realisation of assets: | 14.0 | | 15.6 | | | | 0.5 | | | 30.1 | 13,179.50 | 437.86 |
| Trading | Trading | | | | | | | | | | | | 0.00 |
| | Total for Trading: | | | | | | | | | | | | 0.00 |
| Dealing with all creditors claims (including employees), correspondence and distributions | Secured | | | 0.9 | | | | | | | 0.9 | 355.50 | 395.00 |
| | Others | | | 3.5 | | | | 0.2 | | | 3.7 | 1,417.50 | 383.11 |
| | Creditors committee | | | | | | | | | | | | 0.00 |
| | Total for Dealing with all creditors claims (including employees), correspondence and distributions: | | | 4.4 | | | | 0.2 | | | 4.6 | 1,773.00 | 385.43 |
| Other matters which includes seeking decisions of creditors, meetings, tax, litigation, pensions and travel | Seeking decisions of creditors | | | | | | | | | | | | 0.00 |
| | Meetings | 5.1 | | 3.5 | | | | | | | 8.6 | 3,907.00 | 454.30 |
| | Other | | | | | | | | | | | | 0.00 |
| | Tax | | | | | | | | | | | | 0.00 |
| | Litigation | | | | | | | | | | | | 0.00 |
| | Total for Other matters: | 5.1 | | 3.5 | | | | | | | 8.6 | 3,907.00 | 454.30 |
| | Total hours by staff grade: | 24.9 | 0.9 | 70.4 | 3.3 | | | 46.0 | 1.8 | 0.8 | 148.1 | | |
| | Total time cost by staff grade: | 12,325.50 | 400.50 | 27,806.00 | 1,138.50 | | | 8,050.00 | 252.00 | 112.00 | | 50,086.50 | |
| | Average hourly rate £: | 495.00 | 445.00 | 395.00 | 345.00 | 0.00 | 0.00 | 175.00 | 140.00 | 140.00 | | | 338.19 |
| | Total fees drawn to date £: | | | | | | | | | | | 0.00 | |

HALLAM ESTATES LIMITED

THE ADMINISTRATORS' FEES ESTIMATE

Further to our appointment as administrators, we are seeking to be remunerated on a time costs basis. Details of our firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which we are to be remunerated, we are obliged to produce a fees estimate and to provide it to each creditor of whose details we are aware so that it can be approved at the same time as the basis of our remuneration.

Our fees estimate for the administration is set out below. Please note that blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

| Details of the work that the administrators and their staff propose to undertake | Hours | Time cost £ | Average hourly rate £ |
|---|--------|----------------|-----------------------------|
| General case administration and planning | 41.00 | 14,450.00 | 352.44 |
| Compliance with the Insolvency Act, Rules and best practice | 117.50 | 32,962.50 | 280.53 |
| Investigations | 37.00 | 10,715.00 | 289.59 |
| Realisation of assets | 81.00 | 32,455.00 | 400.68 |
| Dealing with all creditors' claims (including employees), correspondence and distributions | 38.00 | 12,010.00 | 316.05 |
| Other matters which include seeking decisions from creditors via Deemed Consent Procedures or Decision Procedures, tax, litigation, pensions and travel | 45.00 | 18,015.00 | 400.33 |
| Total hours | 359.50 | | |
| Total time costs | | 120,607.50 | |
| Overall average hourly rate £ | | | 335.49 |

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the administration.

Should creditors require further information on how this estimate has been produced this can be obtained from our website at <http://www.begbies-traynorgroup.com/fee-estimates>.

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>. There is also a case specific explanation in the letter accompanying this fee estimate

Arriving at our fee estimates

The cost of the process at this early stage is uncertain, but the fee estimate that I have produced provides a general overview of the likely costs

The estimates are produced by looking at historical cases of a similar nature, (asset value, number of creditors, case type and staffing levels). The estimates are then made case specific by considering the depth of investigations needed, whether significant time will be spent on adjudicating claims etc.

As the case progresses it may become apparent that the initial fees estimate will be exceeded, for example if any unforeseen circumstances arise which result in additional and unexpected costs being incurred. If this scenario occurs, we will seek creditor approval of a further fees estimate, providing full details of the circumstances at the time.

Summary of the work to be undertaken in the Administration

The following work category descriptions are provided in order for creditors to understand the statutory and general duties involved during the course of the administration. This will also help creditors to understand how we have arrived at our fees estimate in this pre appointment period.

General case administration and planning

Insolvency Practitioners are required to maintain records to demonstrate how the case is administered, and to document any decisions that materially affect the case.

At the onset of the case we will form a strategy for how the case will be managed. This will take into consideration the level of assets to be realised, how those assets will be realised, and whether there will be sufficient realisations to make a distribution to the Company's creditors.

The case will be subject to regular reviews to ensure case progression and the files will be kept up to date.

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progressing of the administration, which ensures that the joint administrators and their staff carry out their work to high professional standards.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Practitioners are governed by the Insolvency Act and Rules, together with following best practice guidelines known as Statements of Insolvency Practice. We have certain statutory obligations and duties to fulfil whilst in office which include the regular filing of progress reports with Companies House and the filing of a final report at the end of the period. We are also required to notify various bodies of our appointment, including creditors, Companies House, and advertise our appointment in the London Gazette.

We are also duty bound to correspond with creditors and issue notice of the insolvency event to the likes of the pensions departments, banks and other parties who would have an interest in the proceedings. There is also the duty to investigate the directors' conduct, bond the case appropriately and instruct professionals such as property agents and solicitors to assist where necessary.

This work does not benefit creditors financially but is necessary in accordance with the Insolvency Act, Rules and best practice.

Investigations

Within three months of our appointment, we are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, we will seek to recover the Company books and records, both hard copy and electronic, from the directors in order to carry out our initial investigations. An

initial investigation is carried out in all cases to determine whether there are potential recovery actions for the benefit of creditors. Such investigations include analysis of the Company's bank statements, reviewing information provided by third parties and an analysis of the Company's management accounting records/systems. Any person who is or has been a director, or is considered as a de facto or shadow director of the Company in the three years prior to the insolvency event are also asked to complete a questionnaire to assist with our investigations.

Where appropriate creditors or other parties may be asked to come forward with information.

Any financial benefit to creditors in carrying out the above work is unclear at present however creditors will receive updates on these matters once we are appointed.

Should the initial investigations reveal potential undisclosed assets, claims against directors and/or any other parties or any other matters which require further detailed investigation work in order to seek to recover funds for the benefit of creditors, I may need to propose an increase in my remuneration to cover the work necessary to pursue those investigations and relevant claims. I am unable to seek approval to fix my remuneration for such work unless and until the nature of any such claims has been identified and the work involved can be quantified. This also applies in the event of tax and pensions matters arising, not originally anticipated and included in proposed fee estimates. I will therefore circulate to creditors as necessary, if such claims or further works are identified, to seek a further resolution to increase my fees for this additional work. Details of the nature of the potential claims identified and any further work to be undertaken will be included in the report accompanying the resolution request. Such recovery actions would be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary.

Dealing with all creditors' claims (including employees), correspondence and distributions

Time will be spent dealing with creditor queries as and when required. This can include queries by telephone, email or within letters received in the post.

If there is likely to be a distribution, creditors will be made aware of this at the earliest possibility, whether it be detailed in our initial correspondence, a progress report or by notice of intended dividend issued during the course of administering the case.

Creditors' claims will be dealt with in accordance with the order of priority, and therefore only if there is a prospect of a dividend in the insolvency proceedings, will those specific claims be adjudicated on. However, all claims received will be noted and registered. The administrator is unable to distribute a dividend to the unsecured creditors without permission of the court, other than of the prescribed part. Should there be funds available to make a distribution to the unsecured creditors, it is usual practice for a succeeding liquidator to deal with the claims of the unsecured creditors.

In this case we have a potential secured creditor, being Doris Stainer who holds the freehold title of The Grand. The validity of this security will need to be determined. It may become necessary for us to seek legal advice in this respect.

Time will be spent dealing with all creditor queries as and when required.

Realisation of assets

Insolvency Practitioners are required to maximise realisations for the benefit of the Company's creditors. In order to do this we may need to consider instructing professional agents to carry out negotiations, provide inventories and valuations. We may also need to instruct solicitors to complete sales. We may need assistance with debt collection exercises.

The Company holds the freehold title of The Grand, Folkestone. We have instructed our agents, Eddisons Commercial Ltd, to market the freehold for sale and we have been contacted by several interested parties to date.

All work carried out in respect of the asset realisation is for the purpose of realising property and assets for the benefit of the creditors generally.

Distribution of funds

If the charge the Company granted to Doris Stainer proves to be valid and where sufficient realisations are made to enable a dividend to the secured creditor, I must review the claims and supporting documents and formally adjudicate on the claims. This may involve seeking additional supporting documents where claims require further review.

This will only occur should sufficient proceeds remain in the Administrators' estate after the costs of the Administration have been met in full.

As mentioned above, any distribution to the unsecured creditors, (unless by way of prescribed part), will be paid by a succeeding liquidator.

Other matters which include, seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel

During the course of administering the case, the Insolvency Practitioner may be required to carry out additional work which doesn't necessarily fall under any of the other categories above. This may include:

Seeking additional decisions from creditors on various proposed resolutions, including where relevant an increase to our original remuneration estimate, and whether a creditors committee is formed.

We may also be required to submit VAT and Tax returns when appropriate in order to reclaim monies for the estate and pay over any taxes due to HMRC. As detailed above, we are also duty bound to provide notifications and further assistance to pensions departments where applicable.

We may be required to travel to the Company's premises, or to a meeting external to our office if it assists with our realisation of assets, investigations or another aspect of the case

There are certain other matters which we may have to deal with which are not evident or foreseeable at the outset of the Administration. I am unable to seek approval to fix remuneration for any work unless and until the nature of any such work has been identified and the work involved can be quantified. If this scenario should occur, I will revert to creditors, providing full details of the circumstances at the time, to seek creditor approval of a further fees estimate.

Instances and explanations of the such work that might fall under this category are provided on our website at <http://www.begbies-traynorgroup.com/work-details>.

Once again, there may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case. Creditors will be notified of all of our actions in the progress and/or final reports issued.

Dated: 5 February 2021

HALLAM ESTATES LIMITED

DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE LIKELY TO BE INCURRED DURING THE COURSE OF THE ADMINISTRATION

| No. | Type of expense | Description | Estimate £ |
|-----|---|--|--------------------|
| 1. | Advertisements | Of appointment, dividends etc. | 194 plus VAT |
| 2. | Bond | An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds | 58 plus VAT |
| 3. | Insurance | An Insolvency Practitioner is required to ensure that there is sufficient insurance cover over the assets of the insolvent entity. Administration fees may also be charged on the policy | 93,000 (12 months) |
| 4. | Storage costs | An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with | 50 plus VAT |
| 5. | Building surveyor's fees and disbursements | Costs of Eddisons Commercial Limited in providing building surveys and costs advice | 5,000 plus VAT |
| 6. | Property agent's valuation fees and disbursements | Costs of Eddisons Commercial Limited in providing valuation services. | 5,000 plus VAT |
| 7. | Property agent's sale fees and disbursements | Costs of Eddisons Commercial Limited and / or auctioneers for the disposal of the freehold of The Grand | 15,000 plus VAT |
| 8. | Legal fees and disbursements | The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements | £40,000 plus VAT |
| 9. | Travel | It may be necessary for the Joint Administrators or their staff to travel to the Company's trading premises | 500 plus VAT |
| 10. | Accountancy Fees | It may become necessary to instruct an accountant to prepare CT returns or to make a claim for terminal tax loss relief. | 3,000 plus VAT |
| 11. | Land Registry Search Fees | The cost of obtaining a copy of the title reports for land or property from the Land Registry. | 10 plus VAT |

We have not provided for any repair or maintenance works but depending on advice from our agents these may be required to enable us to comply with our obligations and duties.

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration.