

The Insolvency Act 1986

Administrator's progress report

Name of Company Chantstream Limited	Company number 03308541
In the Royal Courts of Justice, Chancery Division, Companies Court [full name of court]	Court case number 4471/2011

(a) Insert full name(s) and address(es) of administrator(s) +/ We (a) T Lukic and M Boughey
c/o Ernst & Young LLP, No 1 Colmore Square, Birmingham, B4 6HQ

administrators of the above company attach a progress report for the period

from

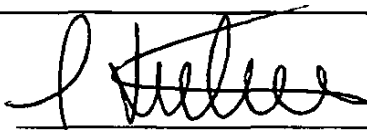
to

(b) Insert date

(b) 31 August 2013

(b) 11 November 2013

Signed



Joint Administrator

Dated

11/11/2013

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Ankit Dhanjee	
Ernst & Young LLP, No 1 Colmore Square, Birmingham, B4 6HQ	
	Tel 0121 535 2863
DX Number	DX Exchange



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INVESTOR IN PEOPLE

TO ALL KNOWN CREDITORS

11 November 2013

Ref: CL/TL/DK/AD/24

Direct line 0121 535 2863
Direct fax 0121 535 2448

Ankit Dhanjee

Dear Sirs

Chantstream Limited (In Administration) ("the Company")
Royal Courts of Justice, Chancery Division, Companies Court, Number 4471 of 2011
Company registered number: 03308541
Registered office address: c/o Ernst & Young LLP, No.1 Colmore Square,
Birmingham, B4 6HQ

I write to provide you with my final progress report in the Administration, which includes details of the outcome. The report covers the period from 31 August 2013 to 11 November 2013 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 19 July 2011 ("the Proposals") and previous reports to creditors dated 22 December 2011, 16 April 2012, 15 November 2012, 18 April 2013 and 9 October 2013.

The Company entered Administration on 26 May 2011 and I Best, D Frangou and I were appointed to act as Joint Administrators. The appointment was made by The Governor and Company of the Bank of Ireland, acting as Security Trustee, under the provisions of paragraph 14 of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators may be done by any one of them.

As previously advised, on 7 March 2013 D Frangou vacated office and ceased to act as Joint Administrator of the Company. Subsequent to this, on 30 August 2013, I Best vacated office and ceased to act as Joint Administrator of the Company and M Boughey was appointed as Joint Administrator in his place.

Summary of the Joint Administrators' Proposals

Following our appointment, we took control of the business and assets of the Company with a view to establishing a strategy to meet the prioritised objectives of the Administration process, being

- 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 was to be 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

In the Proposals we reported that our strategy was to pursue objective (a), as at that time we were in advanced discussions with the Directors of the Company and Corner Homes Group ("CHG") to rescue the Company as a going concern. In October 2011, the Directors' offer for the Company was withdrawn and, as a result, a rescue of the Company as a going concern was no longer achievable.

The Joint Administrators subsequently sought to pursue objectives (b) and/or (c) to maximise the return to the secured creditors

Extensions to the initial period of appointment

The report dated 16 April 2012 supported an application to court to extend the Administration of the Company pursuant to Rule 2.112 of the Insolvency Rules ("the Rules"), which was granted by the court on 4 May 2012 for a period of 12 months to 25 May 2013

In April 2013, it was determined that a further extension would be required and the report dated 18 April 2013 supported an application to extend the Administration of the Company pursuant to Rule 2.112 of the Rules, which was granted by the court on 3 May 2013 for a period of 12 months to 25 May 2014

Summary of steps taken during the Administration

As highlighted in our previous report, the only asset in the Company was a part developed and part occupied property located at Royal Connaught Park, The Avenue, Bushey, Hertfordshire, WD23 2LW ("the Property")

Subsequent to the withdrawal of the Directors' offer for the Company, we instructed valuation and quantity surveying professional agents, Savills Commercial Limited ("Savills") and Davis Langdon LLP ("Davis Langdon"), to provide a valuation and a cost to complete report respectively for the Property. Following this, a revised strategy to maximise creditor realisations was put forward to the secured creditors, being the Bank of Ireland, HSBC Bank plc, and BNP Paribas (together "the Secured Creditors"). The revised strategy envisaged either a sale of the Property in its current state ("as is") or a build out in conjunction with a new developer

Following a period of information gathering and preparing the Property for marketing and sale, the Property was placed on the open market by our Real Estate and Corporate Finance ("RECF") team in February 2012 and interested parties were invited to submit indicative non-binding bids by early March 2012. The Joint Administrators and the RECF team reviewed the indicative bids and prepared a report to the Secured Creditors identifying the preferred bidders, and recommending a short list to progress through to a more detailed due diligence process. A number of bidders were given data room access and invited to visit the Property as part of the due diligence process

Preferred third party bidders for the Property were selected and their offers communicated to the Secured Creditors for their consideration in May 2012. Whilst the Secured Creditors were considering these offers, interest was expressed by the Directors of the Company to purchase the business and assets of the Company for a value in excess of the offers put forward by the preferred third party bidders. After lengthy discussions with the Secured Creditors, the Company's Directors and associated third party advisors, a decision was made to accept the Directors' offer in respect of the Property

On 6 November 2012 the Joint Administrators exchanged contracts in respect of the Property, with a view to completing by the end of November 2012. A statutory notice period of two months was provided to leaseholders of the Property, giving all leaseholders the right of first refusal to purchase the Property at the same level as the purchaser's offer. No offers were received from the leaseholders



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Accordingly, the business and assets of the Company were sold with effect from 28 November 2012 to Dalin Limited, for total consideration of £45,625,000. The Directors of Dalin Limited are Luke Comer and Brian Comer.

Corporation tax

Pre-appointment tax returns

The Joint Administrators have been provided with pre-appointment tax returns for the tax years ending 2008 and 2009. We understand that the tax return for the year ended 2010 was not filed. Accordingly, the Joint Administrators submitted the unsigned pre-appointment tax return for the period 1 July 2010 to 25 May 2011 on behalf of the Company in order to recognise the brought forward tax trading losses.

Post-appointment tax returns

The following tax returns have been submitted on behalf of the Company:

- ▶ 26 May 2011 – 30 June 2011, nil liability,
- ▶ 1 July 2011 – 30 June 2012, nil liability, and
- ▶ 1 July 2012 – 28 November 2012, £957,2454 liability

In accordance with section 267 of The Insolvency Rules 1986, corporation tax liabilities are paid from floating charge realisations. As there were insufficient floating charge realisations available to the Company, there were no funds available to meet the corporation tax liability which arose on the sale.

VAT

The Company was previously registered as part of a VAT group of which the group representative was Opecprime Properties Limited. As we were not appointed Joint Administrators of Opecprime Properties Limited, the Company was removed from this VAT group with effect from 25 May 2011. The Company has since been re-registered for VAT purposes with an effective registration date of 26 May 2011.

On receipt of considered VAT advice, the sale of the business and assets of the Company was treated as a Transfer of a Going Concern ("TOGC") by the Joint Administrators. As a result of this election, VAT was not deemed payable and no amounts were remitted to HMRC.

I am pleased to report that on 19 September 2013 HMRC advised that there were no VAT liabilities due by the Company and HMRC did not object to the Joint Administrators ceasing to act.

Conduct of the Directors of the Company

As previously advised, it is a statutory requirement for the Joint Administrators to perform a review of the conduct of Directors that held office in the three years prior to our appointment. This has been completed and the resulting report, which is confidential, has been sent to the Secretary of State at the Department for Business, Innovation and Skills.



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Distributions to creditors

Secured Creditors

The Secured Creditors had a combined total indebtedness at 26 May 2011 of c £167m, excluding interest and charges against which distributions of £71,774,887 have been made to date by the Company, Carlson Properties Limited (In Administration) and Rossmark Properties Limited (In Administration). The Company contributed £45,463,613 towards this total distribution.

Preferential creditors

There are non-preferential creditors of the Company in respect of claims for employees' salaries, holiday pay and pension contributions.

Non-preferential creditors

The listing of creditors at the date of our appointment indicated no non-preferential creditors other than those held by intercompany entities. The combined value of intercompany creditors for each of the Companies, at the date of our appointment was c £60m.

A number of smaller non-preferential claims have been brought to our attention during the Administration, however, based on the level of realisations and the significant outstanding liability to the secured creditors, we have not been able to make a distribution to non-preferential creditors.

The Prescribed Part

The Prescribed Part is a proportion of floating charge assets set aside for non-preferential creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003.

The Secured Creditors' floating charge for the Company was created after 15 September 2003 and therefore the Prescribed Part applies for the Company. As commented above, there have been no funds available for non-preferential creditors. On this basis, the Joint Administrators have not made an application to the court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the Prescribed Part to creditors.

Receipts and payments account

I enclose at Appendix 2 a receipts and payments account for the whole period showing movement from 31 August 2013 to 11 November 2013.

Since the previous report, movements have occurred in the following areas:

- ▶ £63,613 distributed to the Secured Creditors,
- ▶ £1,982 received in VAT, and
- ▶ £85 in bank charges

Joint Administrators' remuneration and expenses

The basis of remuneration and Category 2 disbursements was agreed with the Secured Creditors. Remuneration was fixed on a time cost basis.



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The Joint Administrators have incurred time costs of £747,402 from 26 May 2011 to 25 October 2013, against which £499,500 has been drawn. This includes time costs of £15,833 which have been incurred since 31 August 2013 in my last report, against which no fees have been drawn. An analysis of the time spent is attached at Appendix 3 to this report. At Appendix 4 there is a statement of the Joint Administrators' policy in relation to charging time and disbursements.

The Joint Administrators have incurred £3,996 of disbursements, including £561 in respect of Category 2 disbursements (ie, disbursements containing an element of shared or allocated costs and payable to the Joint Administrators' firm). Further details are given in Appendices 3 and 4. The Joint Administrators have drawn £3,758 in respect of disbursements. No further disbursements have been incurred since my last report.

In certain circumstances, creditors are entitled to request further information regarding the Administrators' remuneration or expenses, or to apply to court on the grounds that the costs are considered to be excessive (Rules 2.48A and 2.109 to the Insolvency Rules 1986). Further information is provided at Appendix 5.

Pre-Administration costs

The Proposals included a statement of combined pre-Administration costs of £20,327 plus VAT which was outstanding at the date on which Carlson Properties Limited, Rossmark Properties Limited and the Company entered Administration. We previously reported that approval to pay these costs as an expense of the Administration would be sought from the Secured Creditors in accordance with Rule 2.67A of the Insolvency Rules 1986, however, these costs have not been drawn.

The outcome of the Administration

In accordance with the terms of the Proposals, as there are no further assets to be realised or distributions to be made, the Company will move from Administration to dissolution. The Administration will come to an end on the date on which the notice is registered by Companies House and the Company will be deemed to be dissolved three months later.



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Should you have any remaining questions about the Administration, please do not hesitate to contact my colleague, Ankit Dhanjee, on 0121 535 2863

Yours faithfully

T Lukic
Joint Administrator

Enc	Appendix 1	Statutory information
	Appendix 2	Joint Administrators' receipts and payments account for the period 26 May 2011 to 11 November 2013
	Appendix 3	Summary of Joint Administrators' time costs and Category 2 disbursements for the period 26 May 2011 to 25 October 2013
	Appendix 4	Statement of Joint Administrators' charging policy for remuneration and disbursements pursuant to Statement of Insolvency Practice No 9
	Appendix 5	Creditors' request for further information regarding an administrators' remuneration or expenses
	Form 2 24B	Joint Administrators' progress report
	Form 2 35B	Notice of move from administration to dissolution

T Lukic and M Boughey are licensed in the United Kingdom to act as Insolvency Practitioners by The Institute of Chartered Accountants in England and Wales

The affairs, business and property of the Company are being managed by the Joint Administrators, T Lukic and M Boughey, who act as agents of the Company only and without personal liability

We may collect, use, transfer, store or otherwise process (collectively, "Process") information that can be linked to specific individuals ("Personal Data") We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998

Chantstream Limited (In Administration)**Statutory information**

Company information	
Company names and registered numbers:	Chantstream Limited (03308541)
Registered office address	c/o Ernst & Young LLP, No 1 Colmore Square, Birmingham, B4 6HQ
Trading name(s)	N/A
Trading address(es)	Royal Connaught Park, The Avenue, Bushey, Herts, WD23 2LW

Details of the Joint Administrators and of their appointment

Joint Administrators I Best, D Frangou, T Lukic and M Boughey

Date of appointment 26 May 2011, 30 August 2013 (M Boughey as replacement for I Best)

Date of vacation of office 7 March 2013 (D Frangou only), 30 August 2013 (I Best only)

By whom appointed The appointment was made by the Governor and Company of the Bank of Ireland

Court reference Chantstream Limited (4471 of 2011)

Any of the functions to be performed or powers exercisable by the Joint Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting jointly

Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this Administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State

Presented below is a summary of the Company's share capital

Share capital

Number of ordinary shares (all issued and fully paid)	2
Value of shares (£)	2

Directors and Company Secretary and their shareholdings for the Company

Name	Brian Martin Comer	Luke Andrew Comer	Grosvenor Financial Nominees Limited
Director	✓	✓	✓
Company Secretary	✗	✗	✓
Date appointed	June 1998	June 1998	June 1998
Date resigned	N/A	N/A	N/A
Current shareholding	-	-	-

Appendix 2

Chantstream Limited (In Administration) Joint Administrators' receipts and payments account for the period from 26 May 2011 to 11 November 2013

	Estimated to realise as per Directors Statement of Affairs	Receipts and payments from 26 May 2011 to 30 August 2013	Receipts and payments from 31 August 2013 to 11 November 2013	Receipts and payments from 26 May 2011 to 11 November 2013
RECEIPTS	£	£		
Apartment sale	-	1,537,386	-	1 537 386
Sale of freehold	23 210,418	45 625,000	-	45 625 000
Sundry receipts	-	854	-	854
Cash at bank	1,602,987	-	-	-
Debtors				
Ground rent	2,474	27 550	-	27 550
Rossmark Properties Limited	4 209 587	-	-	-
Carlson Properties Limited	2 432,657	-	-	-
Coral Bay Holdings Limited	14,456 098	-	-	-
		<u>47,190,789</u>		<u>47,190,789</u>
PAYMENTS				
Administrators' remuneration		(499 500)	-	(499 500)
Administrators' disbursements		(3 758)	-	(3 758)
Distribution to secured creditors		(45,400,000)	(63 613)	(45 463 613)
Freeholder contribution		(528,539)	-	(528,539)
Property management fees		(12,842)	-	(12 842)
Security		(258 079)	-	(258,079)
Electricity and gas		(37,684)	-	(37,684)
Legal fees relating to apartment sales		(18 755)	-	(18 755)
Agents' fees		(35 030)	-	(35 030)
Legal fees		(153,008)	-	(153 008)
Premier Guarantee		(11 318)	-	(11,318)
Site improvements		(23,616)	-	(23,616)
Insurance		(144 200)	-	(144,200)
Sundry items		(762)	(85)	(847)
VAT		(1,982)	1 982	-
		<u>(47,129 073)</u>	<u>(61 716)</u>	<u>(47 190 789)</u>
BALANCE IN HAND		<u>61,716</u>	<u>(61,716)</u>	<u>-</u>

Appendix 3

Chantstream Limited (In Administration) Summary of Joint Administrators' time costs and Category 2 disbursements from 26 May 2011 to 25 October 2013

Time costs and expenses – 26 May 2011 to 25 October 2013

Classification of work function	Hours				Total hours	Total time costs £	Total average hourly rate £
	Partner / Director	Manager	Other senior professionals	Assistants & support			
Accounting and administration	8.1	16.6	111.8	224.1	360.6	69,201.29	191.91
Bank & statutory reporting	161.4	35.3	57.7	72.1	326.5	115,854.00	354.84
Creditors	4.4	6.2	9.8	11.0	31.4	7,682.50	244.03
Immediate tasks	1.8	6.6	11.7	13.2	35.3	7,150.00	202.55
Investigation/cdd	0.3	0.2	1.5	8.2	10.2	1,569.50	153.87
Job acceptance & strategy	5.0	0.2	-	2.1	7.3	2,489.50	341.03
Legal issues	13.4	-	-	-	13.4	7,626.00	569.25
Other assets	-	0.4	-	3.8	4.0	673.00	168.25
Other matters	-	0.3	-	9.2	9.5	1,389.50	146.26
Property	226.0	340.3	305.2	140.7	1,012.2	393,806.00	389.06
Public relations issues	-	-	-	1.5	1.5	252.50	168.33
Retention of title	-	-	-	9.9	9.9	1,732.50	175.00
Statutory duties	15.9	12.9	16.1	6.7	51.6	16,056.00	311.16
Trading	51.0	78.4	38.3	54.7	222.4	83,929.00	287.45
VAT & taxation	19.8	36.5	45.5	89.7	191.5	58,009.00	302.92
Total hours	507.1	635.9	597.8	646.7	2,287.3	747,402.29	326.76
Total time costs £	248,727.50	237,142.50	160,430.50	101,101.79			
Average hourly rate £	490.49	442.51	268.46	156.33			

Category 1 expenses	£3,434.20
Category 2 expenses	£561.40
Total expenses £	£3,995.60

Category 2 disbursements

Nature of expense	Amount £	Basis of charge
Mileage – firm's car	300.20	Mileage is charged at 45p per mile
Mileage – own car	261.20	Mileage is charged at 45p per mile
Total	561.40	

Chantstream Limited (In Administration)

Office holders' charging policy for remuneration

The Secured Creditors determined that the Joint Administrators' remuneration should be fixed on the basis of time properly spent by the Joint Administrators and their staff in attending to matters arising in the Administration

The Administrators engaged a manager and other staff to work on the cases. The work required was delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance was provided by accounting and treasury executives dealing with the Company's bank accounts and statutory compliance duties. Work carried out by all staff was subject to the overall supervision of the Joint Administrators.

All time spent by staff working directly on case-related matters was charged to a separate time code established for each case. Time was charged in units of six minutes. Each member of staff had a specific hourly rate, which was subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 3, and the latest hourly rates used are shown below. The latest hourly rates may be higher than the average rates, if hourly rates increased over the period covered by this report.

Office holders' charging policy for disbursements

Statement of Insolvency Practice No 9 ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements were subject to approval from the Secured Creditors as if they were remuneration. In line with SIP 9, approval was obtained for Category 2 disbursements before they were drawn.

Grade descriptions	Job title	Rates 26/5/11 - 30/6/11 (£)	Rates 1/7/11 - 30/6/12 (£)	Rates 1/7/12 - 30/6/13 (£)	Rates 1/7/13 onwards (£)
Partner / Director	Partner	520	545	570	600
	Partner (tax)	875	920	1115	1170
	Account Director	425	445	470	490
Manager	Assistant Director (real estate)	620	650	685	n/a
	Assistant Director (tax)	720	730	725	570 -760
	Senior Executive	290	305	305	335
	Senior Executive (tax)	380	565	545	n/a
	Senior Executive (real estate)	445	465	465	n/a
Other senior professionals	Executive	210	220	230	240
	Executive (real estate)	320	335	350	195
Assistants & support	Analyst	90-105	125-175	135-185	135 - 195
	Support	100	110	110	95-120

Creditors' request for further information regarding an Administrators' remuneration or expenses – Rule 2.48A, Insolvency Rules 1986

(1) If—

(a) within 21 days of receipt of a progress report under Rule 2 47—

(i) a secured creditor, or

(ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or

(b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor,

makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

(2) The administrator complies with this paragraph by either—

(a) providing all of the information asked for, or

(b) so far as the administrator considers that—

(i) the time or cost of preparation of the information would be excessive, or

(ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or

(iii) the administrator is subject to an obligation of confidentiality in respect of the information,

giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

(a) the giving by the administrator of reasons for not providing all of the information asked for, or

(b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just "

Creditors' claim that remuneration is excessive – extract from Rule 2.109 of the Insolvency Rules 1986

"(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that—

(a) the remuneration charged by the administrator,

(b) the basis fixed for the administrator's remuneration under Rule 2 106, or

(c) expenses incurred by the administrator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report") "

The Insolvency Act 1986

Administrator's progress report

Name of Company Chantstream Limited	Company number 03308541
In the Royal Courts of Justice, Chancery Division, Companies Court <small>[full name of court]</small>	Court case number 4471/2011

(a) Insert full name(s)
and address(es) of
administrator(s)

I/ We (a) T Lukic and M Boughey
c/o Ernst & Young LLP, No 1 Colmore Square, Birmingham, B4 6HQ

administrator(s) of the above company attach a progress report for the period

from

To

(b) Insert date

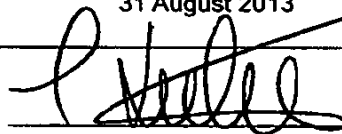
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31 August 2013

(b)

11 November 2013

Signed



Joint Administrator

Dated

11/11/2013