

2.24B**Administrator's progress report**

Name of Company Fontail Properties Limited	Company number 03365237
In the High Courts of Justice, Chancery Division, Companies Court [full name of court]	Court case number 10364 of 2011

We
Gerard Anthony Friar
KPMG LLP
191 West George Street
Glasgow
G2 2LJ
United Kingdom

Blair Carnegie Nimmo
KPMG LLP
191 West George Street
Glasgow
G2 2LJ
United Kingdom

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

from	to
23 March 2013	22 September 2013

Signed

GA
Joint Administrator

Dated

10/10/2013

Contact Details:

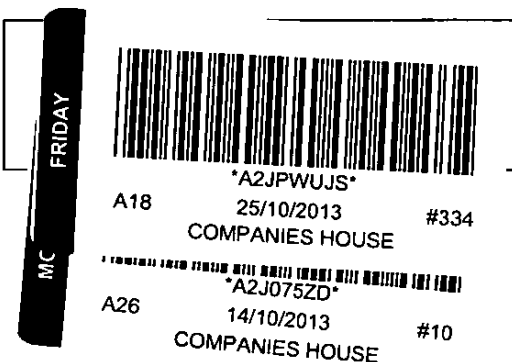
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Carleen Watt KPMG LLP 191 West George Street Glasgow G2 2LJ United Kingdom DX Number DX 551820 Glasgow 20		Tel DX Exchange
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When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff





**Fontail Properties Limited
(in administration)**
**Joint Administrators' progress report to
the Court pursuant to Rule 2.112 (1) of
the Insolvency Rules 1986**

22 March 2013



COMPANIES HOUSE

KPMG LLP
22 March 2013

This report contains 17 Pages

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Fontail Properties Limited (in administration)
Joint Administrators' progress report to the Court pursuant to Rule 2.112 (1) of
the Insolvency Rules 1986
KPMG LLP

22 March 2013

Notice: About this Report

This Report has been prepared by BC Nimmo and GA Friar, the Joint Administrators of Fontail Properties Limited, solely to comply with their statutory duty under Rule 2.112 (1) of the Insolvency Rules 1986 to provide the Court with an update on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interests in Fontail Properties Limited.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors. Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at their own risk.

To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report. BC Nimmo and GA Friar are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland. The Joint Administrators act as agents for Fontail Properties Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the Administration.



22 March 2013

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1 Introduction

We, Blair Carnegie Nimmo and Gerard Anthony Friar of KPMG LLP, were appointed Joint Administrators of Fontail Properties Limited ("Fontail") ("the Company") on 28 November 2011

We were appointed by the Bank of Scotland plc ("the Bank") under the terms of its debentures over the Company as follows

Figure 1: Appointment details

Company	Debenture dated	Debenture registered	Debenture holder
Fontail Properties Limited	26 August 2004	15 September 2004	Bank of Scotland plc
<i>Source Companies House</i>			

BC Nimmo and GA Friar have also been appointed to 16 other companies within the Herd Estates group ("the Group"), details of which are set out at Appendix 2

In accordance with paragraph 100 (2) of schedule B1 of the Insolvency Act 1986 the functions of the Joint Administrators may be exercised by either of or both the Joint Administrators

In accordance with Rule 2.112 (1) of the Insolvency Rules 1986 we set out below our progress report to the Court

The receipts and payments accounts for the period 28 November 2011 (the date of our appointment) to 22 March 2013 for the Company are attached at Appendix 3. This shows that Fontail has funds on hand totalling £123,805.06. These funds are subject to the costs of the Administration processes.

2 Progress to date including realisation of assets

2.1 Properties

At the date of appointment of the Joint Administrators, the Company's principal asset comprised a freehold property as detailed at Figure 2 below

Figure 2: Property assets

Company	Property
Fontail Properties Limited	277-279 High Street, Slough Berkshire
<i>Source: Joint Administrators' records</i>	

Lisney LLP ("Lisney") were instructed to manage the property on our behalf, until it was sold on 23 March 2012 to a joint venture formed between LaSalle Holdings Limited and Flodrive Holdings Limited ("the Purchaser"). The Purchaser paid £1.05million (excluding VAT) for the Slough property owned by Fontail.

2.1.1 Tenancy position

In the period between the date of our appointment and the sale of the properties, we ingathered the following rental income:

- Fontail - £33,024.08

2.2 Other Assets

Following our appointment, we instructed the Company's accountants to prepare management accounts up to the date of our appointment. These accounts disclose the following other assets:

- Trade debtors - £7,081. This balance also relates to rental arrears, which have been pursued and, where possible, ingathered.
- Inter-company debtor balance totalling £1.6 million, which can be split as follows:
 - £44,494 due from Herd Estates Limited,
 - £1.5 million due from Varren Properties Limited, and
 - £102,467 due from Circe. As noted above, Circe has been dissolved, and accordingly there will be no recoveries from this source.

Inter-company claims will be lodged in the other Group insolvencies in due course.

2.3 Investigation matters

In accordance with our statutory obligations, we have submitted our confidential report to the Department for Business, Innovation & Skills.



3 **Amounts payable to secured creditors, preferential creditors and the floating charge holder of the Company**

3.1 **Secured lenders**

The Bank holds fixed legal charges over the property owned by the Company. The estimated amount due to the Bank is set out in Figure 3 below.

Figure 3: Secured lender's indebtedness

	£000
Amounts secured by cross guarantee	
Fontail Properties Limited	5,906
	<hr/>
<i>Source: Company records and Joint Administrators' estimates</i>	

Note: Although Fontail had no direct bank debt as at the date of our appointment, it guaranteed the debt of its immediate parent company, Vinegar Properties Limited ("Vinegar"). BC Nimmo and GA Friar were appointed as Joint Administrative Receivers of Vinegar on 28 November 2011, at which point Vinegar owed £5,906m to the Bank.

Distributions totalling £0.9m have been made to the Bank to date under the terms of the cross guarantees.

Interest and charges continue to accrue on the Bank's indebtedness until repaid in full.

3.2 **Preferential creditors**

The Company had no employees at the date of our appointment, and, therefore, have no preferential creditors.

3.3 **Floating charges**

In addition to the legal charge, the Bank also holds a debenture over all the business and assets of the Company.

4 **Prescribed parts of the Company's net property pursuant to Section 176A of the Insolvency Act 1986**

The Bank's debenture was granted after 15 September 2003. Therefore section 176A of the Insolvency Act 1986 is applicable and there may be a prescribed part of the Company's net property available for unsecured creditors. The quantum and timing of any Prescribed Part distribution currently remains uncertain.



5 Dividend prospects for the creditors of the Company

Based on the information on hand, it is anticipated that the secured lender, the Bank, will receive a partial distribution under the terms of its fixed charge over the property of Fontail, together with a small distribution under the terms of its debenture of the Company

As noted above, it is anticipated that there may be a small dividend available to the unsecured creditors of Fontail under the Prescribed Part provisions. We do not currently anticipate that sufficient funds will be realised to enable an ordinary dividend to the unsecured creditors in the Administration.

6 Receipts and payments

A summary of the receipts and payments account for the period 5 December 2011 to 22 March 2013 is attached at Appendix 3, from which you will note funds on hand amount to £123,085.06

The above noted balance will be subject to a number of costs which have been accruing throughout the period, the further costs of finalising the outstanding matters, and the costs of bringing the Administration to a close.

7 Extension to the term of the Administration

Ordinarily, our appointment as Joint Administrators would automatically cease at the end of one year beginning with the date on which it took effect, pursuant to Paragraph 76(1) Schedule B1 to the Insolvency Act 1986, being 27 November 2012. However, given that we had yet to finalise matters, we required extensions to the Administration period.

Accordingly, pursuant to Paragraphs 76, 78 and 109 of Schedule B1 to the Insolvency Act 1986, we requested that the Bank grant an extension of the Administration for a period of six months to 27 May 2013. On 1 October 2012 the Bank confirmed its consent to the extension.

We advised all known creditors of the possibility that an extension of the Administration to 27 May 2014 would be sought in our Progress Report dated 18 December 2012, and requested that any objections to this be submitted to the Joint Administrators, in writing, by no later than 31 January 2013. We would advise that no objections have been received.

Whilst we will endeavour to finalise all outstanding matters in the Administration (see Section 8 below) as quickly as possible, we would request that the Court grants an extension of the Administration for a period of one year, to 27 May 2014.

8 Other matters

A number of issues still require to be dealt with in the Administration. These include, *inter alia* -



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Joint administrators' progress report to the Court pursuant to Rule 2.112 (1) of
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KPMG LLP
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- finalising the distribution of funds to the secured lender following the disposal of the property,
- in the event that sufficient floating charge funds are realised, facilitating Prescribed Part distributions to the unsecured creditors of Fontail, and
- attending to all statutory aspects of the Administration process

We will endeavour to finalise the remaining outstanding matters in the Administration as quickly as possible

BC Nimmo & GA Friar
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191 West George Street
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G2 2LJ

22 March 2013



Fontail Properties Limited (in administration)
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Appendix 1

Statutory and other information



Appendix 1 – Fontail Properties Limited (“Fontail”)

Statutory and other information

This Administration is a main proceeding under the EC Regulation on Insolvency Proceedings. Article 3 of the EC Regulation defines main proceedings and the Company is registered in England, has its main centre of interest in England and does not fall within one of the excepted categories. Consequently, the Administration is governed by the Insolvency Act 1986 and not any other European Union Member State's insolvency law.

Relevant court

Notice of the appointment by the debenture holder was lodged at the High Court of Justice on 28 November 2011.

Incorporation

Fontail was incorporated on 16 May 1997.

Extension to initial period of appointment

The Administration has been extended, with the consent of the secured creditor, by six months to 27 May 2013.

Registered office and trading address

Fontail's former registered office was situated at

Watermill Farm
Hazel End
Stansted
Essex
CM24 8TP

As part of the Administration process, the registered office of Fontail has been changed to

c/o KPMG LLP
8 Salisbury Square
London
EC4Y 8BB



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Fontail traded from leased premises at

51 Hill Street
Belfast
County Antrim
BT1 2LB

Company number

The company number is 03365237

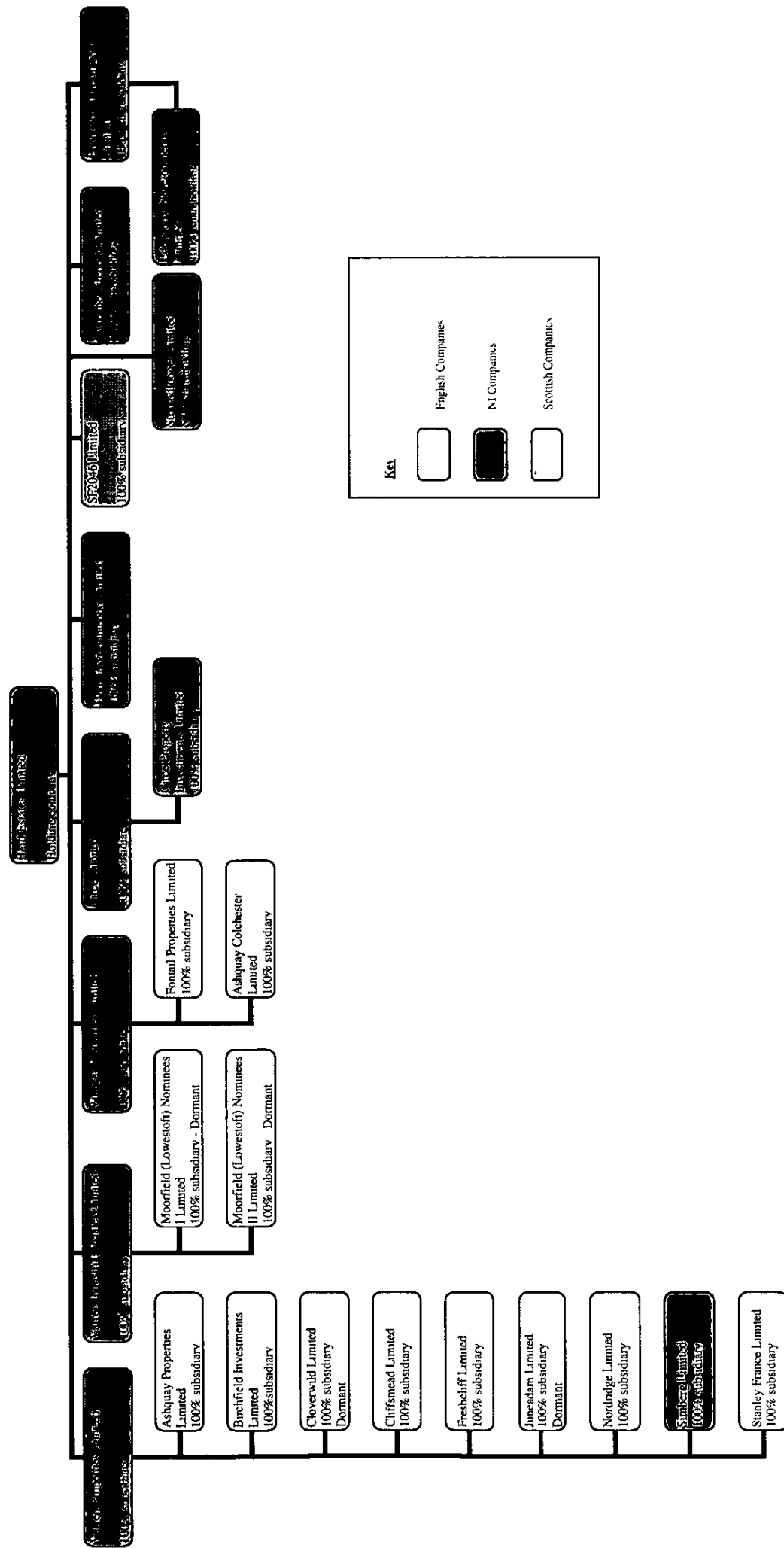


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Joint administrators' progress report to the Court pursuant to Rule 2.112 (1) of
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Appendix 2

Group structure and summary of appointments

Appendix 2a - Group Structure



Appendix 2b – Summary of appointments

Company name	Registered	Reg no	Insolvency mechanism	Date of appointment	Appointees
Varren Properties Limited	Northern Ireland	N1040779	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Varren Industrial Estates Limited	Northern Ireland	N1043917	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Vinegar Properties Limited	Northern Ireland	N1040778	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Ashquay Properties Limited	England	03181557	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Birchfield Investments Limited	England	03118818	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Cloverwild Limited	England	03179529	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Cliffsmead Limited	England	03124542	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Freshcliff Limited	England	03298153	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Juneadam Limited	England	03175553	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Nordridge Limited	England	03225720	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Stanley France Limited	England	00599354	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Herd Environmental Limited	Northern Ireland	N1066767	Administration	28 Nov 11	BC Nimmo and GA Friar
Sarcon (No 235) Limited	Northern Ireland	N1062570	Administration	28 Nov 11	BC Nimmo and GA Friar
Fontail Properties Limited	England	03365237	Administration	28 Nov 11	BC Nimmo and GA Friar
Ashquay Colchester Limited	England	04126037	Administration	28 Nov 11	BC Nimmo and GA Friar
Herd Estates Limited	Northern Ireland	N1040442	Administration	5 Dec 11	BC Nimmo and GA Friar
Simberg Limited	Northern Ireland	N1023107	Administration	5 Dec 11	BC Nimmo and GA Friar
SF 2046 Limited	Scotland	SC286013	Administration	23 Dec 11	BC Nimmo and GA Friar

Notes:

BC Nimmo and GA Friar were previously appointed as Interim Managers of SF 2046 Limited on 29 November 2011

Sarcon (No 235) Limited is not a subsidiary of Herd Estates Limited but has common directors with the Group companies and is included in the bank's security ring



Fontail Properties Limited (in administration)
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Appendix 3

Administrators' receipts and payments account for the period 28 November 2011 to 22 March 2013

**Fontail Properties Limited
(In Administration)
Administrators' Trading Account**

Statement of Affairs	From 28/11/2011 To 22/03/2013	From 28/11/2011 To 22/03/2013
POST-APPOINTMENT SALES		
Rental income	<u>33,024 08</u>	<u>33,024 08</u>
	33,024 08	33,024 08
OTHER DIRECT COSTS		
Sundry	<u>607 28</u>	<u>607 28</u>
	(607 28)	(607 28)
TRADING EXPENSES		
Lisney's management fees	<u>451 96</u>	<u>451 96</u>
	(451 96)	(451 96)
TRADING SURPLUS/(DEFICIT)	<u><u>31,964.84</u></u>	<u><u>31,964.84</u></u>

Fontail Properties Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 28/11/2011 To 22/03/2013	From 28/11/2011 To 22/03/2013
1,240,000 00	FIXED CHARGE ASSETS		
	Core portfolio	1,050,000 00	1,050,000 00
		<u>1,050,000 00</u>	<u>1,050,000 00</u>
	FIXED CHARGE COSTS		
	Administrators' fees	17,000 00	17,000 00
	Legal fees	8,168 90	8,168 90
	Rent deposits	16,019 71	16,019 71
	Property agents fees	9,795 90	9,795 90
		<u>(50,984 51)</u>	<u>(50,984 51)</u>
(1,240,000 00)	FIXED CHARGE CREDITORS		
	Fixed charge creditor	900,000 00	900,000 00
		<u>(900,000 00)</u>	<u>(900,000 00)</u>
7,081 00	ASSET REALISATIONS		
135 00	Book debts	NIL	NIL
	Cash at bank	109 04	109 04
	Insurance funds	4,327 69	4,327 69
		<u>4,436 73</u>	<u>4,436 73</u>
	OTHER REALISATIONS		
	Bank interest, gross	911 83	911 83
	Trading Surplus/(Deficit)	31,964 84	31,964 84
		<u>32,876 67</u>	<u>32,876 67</u>
	COST OF REALISATIONS		
	Administrators' fees	3,000 00	3,000 00
	Legal fees	5,000 00	5,000 00
	Statutory advertising	468 45	468 45
		<u>(8,468 45)</u>	<u>(8,468 45)</u>
(4,115,111 00)	FLOATING CHARGE CREDITORS		
	Floating charge	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(7,793 00)	UNSECURED CREDITORS		
(2,366,623 00)	Trade & expense	NIL	NIL
	Connected companies	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(2 00)	DISTRIBUTIONS		
	Ordinary shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(6,482,313.00)		<u>127,860.44</u>	<u>127,860.44</u>
	REPRESENTED BY		
	Floating charge current		23,860 44
	Three months fixed term		100,000 00
	Floating ch VAT control		4,000 00
			<u>127,860.44</u>