

The Insolvency Act 1986

Administrator's progress report

Name of Company

Hilstone Property Investments Limited

Company number

4265097

In the
High Court of Justice, Chancery Division,
Companies Court

(full name of court)

Court case number
5704 of 2013(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Charles Michael Brook
Brook Business Recovery (BBR) LLP
The Media Centre
7 Northumberland Street
Huddersfield
HD1 1RL

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

(b) Insert date

From

(b) 14 August 2014

To

(b) 13 January 2015

Signed

Administrator(s)

Dated

18.02.2015.

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

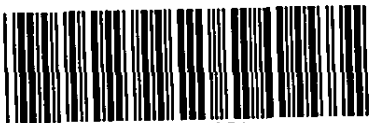
Charles Michael Brook
Brook Business Recovery (BBR) LLP
The Media Centre
7 Northumberland Street
Huddersfield
HD1 1RL

DX Number

0845 2699268
DX Exchange

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

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COMPANIES HOUSE

Administrator's Progress Report for the
period 14 August 2014 to 13 January 2015

Hilstone Property Investments Limited
In Administration

13 January 2015

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1 Statutory Information

1 1

Court	High Court of Justice
Court Number	5704 of 2013
Company Name	Hilstone Property Investments Limited
Company Number	04265097
Registered Office	c/o Brook Business Recovery, The Media Centre, 7 Northumberland Street, Huddersfield, HD1 1RL
Administrator	Charles M Brook of Brook Business Recovery (BBR) LLP, The Media Centre, 7 Northumberland Street, Huddersfield, HD1 1RL
Date of Appointment	14 August 2013
Appointed by	Nationwide Building Society
Extensions to the period of the Administration	<p>On 13 August 2014 the Company's secured creditor, Nationwide Building Society granted an extension to the period of the Administration of 6 months, the automatic end date for the Administration now being 13 February 2015</p> <p>An application is to be made to court for an extension of the period of the Administration for an indefinite period</p>
EC Regulation of Insolvency	The EC Regulation on Insolvency Proceedings 2000 applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation as the Company's main place of business is located in the United Kingdom

2 Administrator's Proposals

- 2 1 A copy of the Administrator's proposals as circulated to creditors on 8 October 2013 are attached at Appendix A

3 Administrators Receipts and Payments Account

- 3 1 A summary of receipts and payments for the Administration period 14 August 2014 to 13 January 2015 together with a summary for the period from the date of my appointment to 13 January 2015 is attached as Appendix B
- 3 2 The receipt recorded as 'Funds from Receivers in respect of VAT' relates to the funds received from the Receivers and Managers in respect of the VAT liability on the Receivers and Managers receipts and payments

4 Progress of the Administration During the Period

- 4 1 As previously reported on 2 July 2013 the Company's secured creditor Nationwide Building Society ("Nationwide") appointed Simon Thomas and Shelley Bullman of Moorfield's Corporate Recovery LLP as Receivers and Managers of the Company's freehold and leasehold property investments registered at HM Land Registry as 5 titles on 2 sites at Hemel Hempstead and Milton Keynes
- 4 2 As a result of the above the directors took the view that the Company could no longer continue to trade and on 14 August 2013 Charles Brook of Brook Business Recovery (BBR) LLP, The Media Centre, 7 Northumberland Street, Huddersfield, HD1 1RL was appointed as Administrator by Nationwide under the terms of their debenture created on 6 August 2004
- 4 3 The Receivers and Managers have continued to manage the Company's property portfolio, collecting rental income which is being paid to Nationwide under the terms of the debenture and marketing the properties for sale with the intention that the net sale proceeds will also be paid to Nationwide under the terms of the debenture
- 4 4 To date a sale of neither property has yet been achieved although conditional contracts have been exchanged for the sale of Bourne End Mills Industrial Estate, Hemel Hempstead with completion being subject to the purchaser obtaining planning approvals. There are currently obstacles to achieving completion and it is still too early to determine whether or not that particular sale will prove abortive. There are parties who have made expressions of interest in acquiring the other property at Woodlands Business Park, Milton Keynes but no formal contracts have yet been exchanged
- 4 5 As previously reported the Administrator had been in correspondence with Lloyds Bank Plc in respect of a review of the Interest Rate Hedging Products formerly sold to the Company. As a result, a Basic Redress Distribution payment of £415,955.20 has been received to date. In addition the Administrator is reviewing the possibility of making an additional claim for a compensatory payment in relation to the Company's IRHP claim. Presently it appears unlikely that such a claim could be sustained

5 Assets still to be realised

- 5 1 As detailed above the Receivers and Managers are continuing to market the Company's property portfolio for sale by private treaty whilst also managing the properties which comprise multi-occupancy business parks which are of a significant age and which are considerably run down and only partially let. In addition there are presently difficulties in obtaining the required permissions to develop the sites which is having an adverse impact upon the realisation exercise.
- 5 2 Nevertheless, the properties are continuing to be managed and marketed and there are separate parties who are keenly interested in acquiring the properties. One of these is remains subject to obtaining the relevant planning permissions and the second is still expected to take a number of months to conclude.
- 5 3 As a result of the above it is envisaged that the sale of the property portfolio may take a further period of up to 24 months to complete and possibly longer.
- 5 4 The Administrator is also reviewing the possibility of making an additional claim for a compensatory payment in relation to the Company's IRHP claim.
- 5 5 As a result of realisations so far achieved it is likely that the Administrator will make a distribution to ordinary creditors of funds set aside under the Prescribed Part and, subject to the approval of the Court, the Administrator would also wish to make a distribution of any funds that may be available to pay an ordinary unsecured dividend whilst in Administration. The reason for doing this would be to assist ordinary creditors who might otherwise be forced to wait until the Administration is concluded before receiving payment and to minimise costs that could otherwise be incurred by reason of the Administration moving to Creditors Voluntary Liquidation in due course.

6 Outcome for Creditors

Secured Creditors

- 6 1 On 6 August 2004 a debenture was granted to Nationwide Building Society providing them with a fixed and floating charge over the assets of the Company. At the date of the Administrators appointment Nationwide was owed £19,596,227.
- 6 2 To date payments totalling £683,306.50 have been made by the Receivers and Managers to Nationwide under the terms of its debenture from receipts received by the Receivers and Managers.
- 6 3 In addition on 20 October 2014 a payment of £261,242 was paid to Nationwide by the Administrator by way of a floating charge distribution under the terms of its debenture.

Preferential Creditors

- 6 4 The Company does not have any preferential creditors

Unsecured Creditors

- 6 5 The Administrator has received claims totalling £3,147 64 from 2 ordinary creditors. The Administrator has yet to receive claims from 7 creditors
- 6 6 The Company granted a floating charge to Nationwide on 6 August 2004. Accordingly the Administrator is required to create a fund ('the Prescribed Part') out of the Company's net floating charge property to pay a dividend to unsecured creditors
- 6 7 Subject to the approval of the Court, the Administrator would wish to make a distribution of any funds that may be available to pay an ordinary unsecured dividend whilst in Administration. The reason for doing this would be to assist ordinary creditors who might otherwise be forced to wait until the Administration is concluded before receiving payment and to minimise costs that could otherwise be incurred by reason of the Administration moving to Creditors Voluntary Liquidation in due course

7 Investigations

- 7 1 In accordance with the Company Directors Disqualification Act 1986 I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (BIS). As this is a confidential report, I am not able to disclose the contents
- 7 2 Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to my request to complete an investigation questionnaire. My investigations have not revealed any issues requiring further report

8 Pre-administration costs

- 8 1 No costs have been incurred by the Administrator or his agents prior to the date of the Administrator's appointment

9 Administrator's Remuneration

- 9 1 As detailed in the Administrator's proposals dated 1 October 2013 it was proposed that the Administrator be remunerated by reference to time properly spent by the Administrator and his staff in attending to matters arising in the Administration. As the Administrator

considered that the Company is unlikely to have sufficient property to enable a distribution to the unsecured creditors (other than by virtue of the prescribed part) approval of his remuneration was sought from Nationwide as secured creditor, in accordance with Rule 2 106 of the Insolvency Rules 1986

9 2 The Administrator's time costs were charged (excluding VAT) as follows

Period	Incurring £	Paid £
14 August 2013 to 13 February 2014	9,475 00	6,000 00
14 February 2014 to 13 August 2014	5,983 50	4,000 00
14 August 2014 to 13 January 2015	5,593 50	0 00
	<u>21,052.00</u>	<u>10,000.00</u>

9 3 On 9 October 2014 Nationwide approved the payment to the Administrator on the basis of a percentage of realisations from the Basic Redress Distribution in connection with the Lloyds Bank Interest Rate Hedging Product. It was agreed that the Administrator be paid a fee representing 20% of realisations from that source independent of any other fees due in relation to time costs accrued in this matter. As such the Administrator has been paid a fee of £83,191, in addition to the time cost related fees detailed at paragraph 9 2

9 4 Attached as Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade

9 5 A copy of 'A Creditors Guide to Administrators Fees' is available on request or can be downloaded from www.r3.org.uk

9 6 Attached as Appendix D is additional information in relation to the Administrator's firm's policy on staffing, the use of sub-contractors, disbursements and details of current charge-out rates by staff grade

10 Administrator's Expenses

10 1 The following Category 1 expenses have been incurred since my appointment as Administrator

Supplier	Nature of Expense	Amount incurred to date £	Paid to Date £	Amount Outstanding £
Willis	Bordereau	45 00	45 00	0
Courts Advertising Limited	Advertising	84 60	84 60	0
Willis	PI Cover Extension	747 52	747 52	0
		<u>877 12</u>	<u>877 12</u>	<u>0</u>

10 2 No Category 2 expenses have been incurred to date

11 Extension to the period of the Administration

11 1 On 13 August 2014 the Company's secured creditor consented to the extension of the period of the Administration of 6 months. This has moved the automatic end date of the Administration to 13 February 2015.

11 2 I am now proposing to make an application to Court to seek an extension of the Administration.

12 Exit to the Administration

12 1 Based on current information it is likely that the Company will exit Administration by way of Creditors Voluntary Liquidation for the purpose of making a distribution to the Company's ordinary creditors. Alternatively, if the Court will permit, then the distribution to ordinary creditors may be made whilst the Company remains in Administration thereby avoiding otherwise unnecessary delay and costs associated with a liquidation, in that event the exit would be by way of dissolution on the basis that the Company has insufficient residual property to enable a distribution to be made to the unsecured creditors other than a distribution of the Prescribed Part.

13 Creditors' Rights

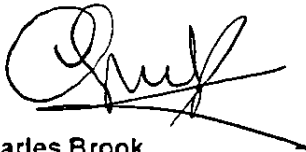
13 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provide further information about his remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.

13 2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an

application to court on the grounds that, in all the circumstances, the basis fixed for the Administrator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrator, as set out in this progress report, are excessive

14 Next Report

- 14.1 The Administrator is required to provide a progress report within one month of end of the next six months of the Administration or earlier if the Administration has been finalised or he wishes to extend it

A handwritten signature in black ink, appearing to read 'Charles Brook', with a long horizontal stroke extending to the right.

Charles Brook
Administrator

Administrator's Proposals (extracted)

It is proposed that the Administrator will remain in office whilst the Receivers and Managers continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that

- The Administrator will continue to trade the Company in the manner outlined above in order to achieve the stated objective
- The Receivers and Managers will be permitted to remain in office and exercise their functions as agents of the Company
- In the event that the Administration cannot be completed within a period of 12 months, the Administrator may elect to extend the Administration for a further period of 6 months without first consulting creditors or making application to the Court. Thereafter, if a further extension of the Administration is required, the Administrator shall make application to the Court
- If the Administrator thinks that the Company has no property which might permit a distribution to its ordinary creditors, he will file a notice with the Court and the Registrar of Companies for the dissolution of the Company. See Section 7 below on **Exit Routes** for further information on this process
- The Administrator shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration
- The basis of the Administrator's remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by him
 - as a percentage of the value of the assets he has to deal with, or
 - by reference to time properly spent by the Administrator and his staff managing the Administration, or
 - as a set amount
- In this case, the Administrator is seeking to approve the basis of his remuneration by reference to the time properly spent by the Administrator and his staff in attending to matters arising in the Administration
- The Administrator considers that the Company is unlikely to have sufficient property to enable a distribution to be made to the unsecured creditors (other than via the prescribed part) and

HILSTONE PROPERTY INVESTMENTS LIMITED - IN ADMINISTRATION

approval of his remuneration and disbursements will be sought from the secured and (if necessary) the preferential creditors in accordance with R2 106 of the Insolvency Rules 1986

- In the unlikely event that sufficient property is realised to enable a distribution to ordinary creditors (other than via the prescribed part) he will notify creditors and seek approval of his remuneration and disbursements by a resolution of the ordinary creditors or of a committee of creditors if appointed
- The Administrator will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect

Appendix B

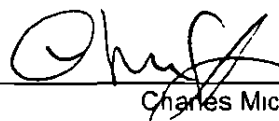
Receipts and Payments Account for the period from 14 August 2014 to 13 January 2015

Together with a combined Receipts and Payments Account for the period from commencement of the Administration (14 August 2013) to 13 January 2015

**Hilstone Property Investments Limited
(In Administration)**

Administrator's Abstract Of Receipts And Payments

	Statement of affairs £	From 14/08/2014 To 14/01/2015 £	From 14/08/2013 To 14/01/2015 £
RECEIPTS			
Property Investments	7,130,000 00	0 00	0 00
Electricity Bond Refund		0 00	29,026 22
Cash at Bank	1,000 00	0 00	7,013 25
Refund of Interest on Hedging Products		0 00	415,955 20
Funds from Receivers in respect of VAT		21,522 39	97,613 09
Bank Interest Net of Tax		221 35	297 81
Vat Receivable		470 00	470 00
Vat Control Account		1,606 19	1,606 19
		<u>23,819 93</u>	<u>551,981 76</u>
PAYMENTS			
Nationwide Building Society	(19,596,227 00)	261,242 00	261,242 00
Funds from Receivers in respect of VAT		1,606 19	1,606 19
Specific Bond		588 60	633 60
Office Holders Fees		83,191 00	93,191 00
VAT Surcharge		0 00	517 44
Accountancy Fees		1,000 00	1,000 00
Legal Fees (1)		1,000 00	3,350 00
Professional Indemnity Cover		0 00	747 52
Statutory Advertising		0 00	84 60
Bank Charges		29 80	40 80
Trade & Expense Creditors	(179,077 00)	0 00	0 00
Ordinary Shareholders	(2 00)	0 00	0 00
Vat Receivable		17,155 92	19,642 84
Vat Control Account		4,366 47	55,544 86
		<u>370,179 98</u>	<u>437,600 85</u>
BALANCE - 14 January 2015		<u>(346,360 05)</u>	<u>114,380 91</u>
MADE UP AS FOLLOWS			
Bank 1 Current		(346,360 05)	114,380 91
		<u>(346,360 05)</u>	<u>114,380 91</u>



Charles Michael Brook
Administrator

Time Analysis for the period from 14 August 2014 to 13 January 2015

Classification of Work	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time cost £	Average Hourly Rate £
Admin & Planning	4 60	5 20	2 10	1 90	13 80	2 893 50	209 67
Case Specific	0 60	0 00	0 00	0 00	0 60	180 00	300 00
Creditors	4 60	4 50	0 00	0 00	9 10	2,280 00	250 55
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Realisation of Assets	0 80	0 00	0 00	0 00	0 80	240 00	300 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	10 60	9 70	2 10	1 90	24 30	5,593 50	230 19

Time Analysis for the period from 14 February 2014 to 13 August 2014

Classification of Work	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time cost £	Average Hourly Rate £
Admin & Planning	1 50	6 00	3 20	6 80	17 50	2,675 50	152 89
Case Specific	0 20	0 00	0 00	0 00	0 20	47 00	235 00
Creditors	2 40	2 90	2 40	0 00	7 70	1,550 50	201 36
Investigations	0 40	1 80	0 20	0 00	2 40	483 00	201 25
Realisation of Assets	3 80	1 20	0 80	0 00	5 80	1,227 50	211 64
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	8 30	11 90	6 60	6 80	33.60	5,983 50	178 08

HILSTONE PROPERTY INVESTMENTS LIMITED - IN ADMINISTRATION

Time Analysis for the period from 14 August 2013 to 13 August 2014

	Partner	Manager	Administrator	Cashier / Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Hours	19 00	21 90	6 80	1 50	49 2	9,475 00	192 58
Rate £/hr	235	180	135	100			
						9,475 00	

Additional Information in Relation to Administrator's Fees Pursuant to Statement of Insolvency Practice 9

STAFF ALLOCATION AND CASE MANAGEMENT

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

Where a member of staff performs a task that would ordinarily be carried out by a staff member of a lesser grade, the rate applicable to the lesser grade staff member will be charged

Time is recorded and charged in minimum units of 6 minutes duration

The rates applying with effect from 1 July 2014 are as follows

Grade of staff	Charge-out rate (£ per hour)
Partner	300
Manager	200
Administrator	135
Cashier	100

11 Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis our fee arrangement with them, which is subject to review on a regular basis

Professional Advisor	Nature of Work	Basis of Fee Arrangement
<i>Chadwick Lawrence</i>	<i>Legal Advise</i>	<i>Hourly rate and disbursements</i>
<i>Willis</i>	<i>Insurance</i>	<i>Risk based premium</i>

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them

POLICY FOR RE-CHARGING EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

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 make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance¹ requires that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

DEFINITIONS

Best practice guidance classifies expenses into two broad categories

- *Category 1 expenses (approval not required)* – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges,
- *Category 2 expenses (approval required)* – all other items of expenditure
 - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost, and/or
 - Where the cost of the expense incurred is an estimated, unitised cost with the estimate based on external costs or opportunity cost

CHARGING POLICY

- *Category 1 expenses (approval not required)* – with the exception of any items referred to below, all such items are re-charged to the case as they are incurred
- *Category 2 expenses (approval required)*
 - (A) The following items of expenditure are re-charged as described
 - Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £50 per meeting provided that at least 1 creditor attends,
 - Car mileage is re-charged at the rate of 40 pence per mile,
 - Storage of books and records (when not rechargeable as a *Category 1 expense*) is recharged on the basis that the number of standard archive boxes 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,
 - (B) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge
 - Telephone and facsimile
 - Printing and photocopying
 - Stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*

QUALITY OF SERVICE AND COMPLAINTS PROCEDURE

We pride ourselves on providing a high quality service at all times. However, if at any time you would like to discuss with us how our service could be improved, or if you are dissatisfied in any way with the service, please contact our principal, Charles Brook directly. We undertake to look into any complaint carefully and promptly and to do all that we can to resolve the issue. If you feel that our service is less than satisfactory, we undertake to do everything reasonable to address your concerns.

If you are still not satisfied, or if you would simply prefer to do so in the first instance, you may of course take the matter up with The Insolvency Service which is the division of The Department for Business Innovation and Skills (BIS) with overall responsibility for the maintenance of standards in our industry. For this purpose you are invited to use The Insolvency Service Complaints Gateway.

The contact details for the Gateway are:

Email: ip_complaints@insolvency.gsi.gov.uk

Tel: 0845 602 9848 – calls are charged at between 1p and 10.5p per minute from a land line, for mobiles, between 12p and 41p per minute if you are calling from the UK.

By Post: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.

Further information on the Gateway can be found at:

<http://bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway>