

AM10

Notice of administrator's progress report



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1	Company details
Company number	0 8 9 9 6 7 5 3
Company name in full	DeTrafford Sky Gardens Ltd

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

2	Administrator's name
Full forename(s)	Kerry
Surname	Bailey

3	Administrator's address
Building name/number	3 Hardman Street
Street	Spinningfields
Post town	Manchester
County/Region	
Postcode	M 3 3 A T
Country	

4	Administrator's name ①
Full forename(s)	Lee
Surname	Causer

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

5	Administrator's address ②
Building name/number	Two Snowhill
Street	
Post town	Snow Hill Queensway
County/Region	Birmingham
Postcode	B 4 6 G A
Country	

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

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 2	^d 7	^m 0	^m 7	^y 2	^y 0	^y 2	^y 3
To date	^d 2	^d 6	^m 0	^m 1	^y 2	^y 0	^y 2	^y 4

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	^d 2	^d 1	^m 0	^m 2	^y 2	^y 0	^y 2	^y 4
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AM10

Notice of administrator's progress report



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 **Kerry Bailey**

Company name **BDO LLP**

Address **5 Temple Square**

Temple Street

Post town **Liverpool**

County/Region

Postcode **L 2 5 R H**

Country

DX

Telephone **+44 (0) 1512 374 500**



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 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

DeTrafford Sky Gardens Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 27/07/2023 To 26/01/2024 £	From 27/01/2023 To 26/01/2024 £
FIXED CHARGE ASSETS		
Commercial Rental Income	8,333.33	36,010.25
Advance rent - Tesco	7,671.23	7,671.23
Commercial Insurance Income	3,034.49	3,649.37
Commercial Service Charge Income	5,124.57	6,457.90
	<u>24,163.62</u>	<u>53,788.75</u>
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Legal Fees & Expenses	25,827.34	27,327.34
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Insurance & Service Chgs	2,760.00	2,760.00
	<u>(34,461.00)</u>	<u>(42,361.00)</u>
ASSET REALISATIONS		
Cash at Bank	NIL	6,992.45
Residential Rental Income	28,005.50	74,823.78
Interest Gross	454.02	518.90
Sundry Refunds	3,181.72	3,181.72
	<u>31,641.24</u>	<u>85,516.85</u>
COST OF REALISATIONS		
Rent due to apartment owner	30,070.50	63,517.78
NPP Management Fee - Rent	1,680.33	4,219.42
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	<u>(10,481.97)</u>	<u>27,955.07</u>
REPRESENTED BY		
Input VAT		6,601.74
Fixed Current Account		9,850.59
Floating Current Account		15,140.82
Ground Rent Current account		8,903.47
Output VAT		(4,461.08)
Vat Control Account		806.73
Ground rent (pending legal advice)		(8,887.20)
		<u>27,955.07</u>

DeTrafford Sky Gardens Ltd In Administration

Joint Administrators' progress report from
27 July 2023 to 26 January 2024

Contents

Glossary of terms	3
Key information	5
Progress in the period	7
Future actions	12

Appendices

A: Statutory information	13
B: Creditors' rights	14
C: Receipts and payments account	15
D: Joint Administrators' remuneration	17
E: Joint Administrators' expenses	22

Glossary of terms

Abbreviation or term	Meaning
'Act'	Insolvency Act 1986
'AST'	Assured Shorthold Tenancy
'Boyes Turner'	Boyes Turner LLP
'Cardium'	Cardium Law Limited
'CBRE'	CBRE Loan Services Limited
'CLT'	Common Law Tenancy
'Daiwa'	Daiwa Capital Markets Europe Limited
'Freeths'	Freeths LLP
'HMLR'	HM Land Registry
'HMRC'	HM Revenue & Customs
'Joint Administrators' or 'we'	Kerry Bailey and Lee Causer
'L2'	L2 Property Limited
'LTA'	Landlord and Tenant Act 1987
'MCC'	Manchester City Council
'Maslow'	Maslow 2 Limited
'net property'	Floating charge realisations after costs and payment of preferential and secondary preferential creditors in full
'NHBC'	National House-Building Council
'NPP'	NPP Residential Limited
'Period'	27 July 2023 to 26 January 2024
'preferential creditors'	Claims for unpaid wages earned in the four months prior to Administration up to £800, holiday pay and unpaid pension contributions in certain circumstances. Where a decision is being sought from preferential creditors these will include secondary preferential creditors
'Prescribed Part'	Where a company has granted a floating charge after 15 September 2003, under Section 176A of the Act a proportion of the net property available to a QFCH is set aside for the unsecured creditors of that company
'Proposals'	The Joint Administrators' statement of proposals for achieving the purpose of the Administration

'QFCH'	Qualifying Floating Charge Holder
'RMG'	Residential Management Group Limited
'Roger Hannah'	Roger Hannah Limited
'Rules'	Insolvency (England and Wales) Rules 2016
'Sch.B1 to the Act'	Schedule B1 to the Act
'secondary preferential creditors'	Where a company enters into Administration on or after 1 December 2020, claims for unpaid VAT, PAYE deductions, Employee National Insurance Contributions (NICs) deductions, student loan repayment deductions and amounts withheld under the construction industry scheme
'secured creditors'	Creditors whose debt is secured, in accordance with Section 248 of the Act
'Tesco'	Tesco Plc
'the Company'	DeTrafford Sky Gardens Ltd
'the Report'	Prepared in accordance with Rules 18.3 and 18.6 of the Rules
'unsecured creditors'	Creditors who are neither secured nor preferential

Key information

Background

Kerry Bailey and Lee Causer were appointed Joint Administrators of the Company on 27 January 2023.

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company and without personal liability.

Purpose of the Report

This is the six-month Report for the period from 27 July 2023 to 26 January 2024.

The main purpose of the Report is to provide you with an update on the progress of the Administration during the Period and the pursuit of the statutory purpose of the Administration.

The Report can be reviewed in conjunction with all other reports regarding this Administration, on the brportal.bdo.co.uk portal.

Return to creditors

The table below summarises the anticipated outcome for creditors, based on our current understanding of the case. Please note these figures may be subject to change.

Class of creditor	Current estimate	Previous estimate
Secured creditors		
CBRE (Daiwa) ¹	£6.4m	£8.0m
Unilateral Notice Holders ²	Uncertain	Uncertain
Maslow ³	Nil	Nil
Unsecured creditors ⁴	Nil	Nil

1. The current estimated return to CBRE (Daiwa) has reduced following the receipt of updated agent valuations in respect of the property assets. In addition, as the property assets have not yet been sold, holding costs including insurance, council tax and utilities have increased. Anticipated legal fees paid from fixed charge realisations have also increased. Please note, the estimated return is based on information currently available and is subject to change.
2. The estimated return to unilateral notice holders is currently uncertain. Legal advice is being sought.
3. It is not expected that Maslow will receive a return on its lending.
4. Based on current information, there will be insufficient funds to enable a distribution to unsecured creditors.

What creditors need to do

The purpose of the Report is to provide you with an update only and the creditors of the Company do not need to take any actions at this time.

Creditors' rights

An overview of the rights of creditors are detailed in Appendix B.

Contact details

Contact: Alex Convery
Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH
Tel: +44 (0)744 2798412
Email: BRCMTNorthandScotland@bdo.co.uk
Reference: 00423581

Progress in the period

Asset realisations

The receipts and payments account attached at Appendix C details the asset realisations during the Period.

Fixed Charged Assets

The Company was a special purpose vehicle created for the development of a residential apartment block overlooking Chester Road, Castlefield on the edge of Manchester city centre, known as Sky Gardens. The development comprises of 166 residential units, two commercial units on the ground floor and basement car parking.

At the date of the Joint Administrators' appointment, the Company's assets consisted of 36 unsold residential units, car parking spaces, two commercial units and the interest in the ground rents of the development.

Following the Joint Administrators' appointment, Roger Hannah was instructed as property agent to provide strategic advice and realise the property assets.

Residential units and car parking spaces

Residential units

As detailed in our previous progress report, an offer received from L2 for the portfolio of 36 residential units and available car parking spaces was accepted. The offer was subject to certain conditions.

HMLR records confirmed that 16 of the 36 units were encumbered by unilateral notices registered against the title.

Legal advice was obtained which confirmed that 17 units were available for immediate sale. The remaining units required third party security to be removed from the title or specific legal advice prior to completing a sale.

As such, the sale of the residential units has been split into batches and is subject to separate contracts. Upon confirmation from lawyers that units are free of any security or other interests the sales will be progressed.

On 12 January 2024, contracts exchanged with L2 in respect of the initial 17 units with completion expected on 8 March 2024. Details of the sales consideration will be provided within the next report.

Legal advice continues to be sought in relation to the remaining 19 residential units.

Car parking spaces

The Company's books and records indicated that a number of car parking spaces remained available for sale.

Following a review of the individual unit leases in respect of sales which completed prior to the Administration, in some instances, a right to park was assigned to a unit and not a specific car parking space.

Roger Hannah provided advice and the preparation of a red line plan was instructed to determine the quantum of car parking spaces that remained available to sell. Legal advice is being finalised and available spaces will be incorporated into the next contract with L2.

Common Law Tenancy Agreements

As previously reported, NPP was instructed by the Company as letting agent. RMG was instructed as property management agent dealing with the management of the development, tenant and owner queries in respect of the individual units and the collection of service charges. The Joint Administrators have retained the services of NPP and RMG in the Administration.

Prior to the Administration, the Company offered a guaranteed return of rent in respect of the residential units as an investment incentive (a CLT agreement), the mechanism of which is detailed in the July 2023 progress report. On appointment, there were 27 CLT agreements in place, potentially providing investors with guaranteed income.

During the Period, the Joint Administrators have sought consent from the owners to terminate the CLT agreements. Of the 27 CLTs, there are two remaining, both of which will end by June 2024 unless terminated by the unit owner prior to this date. Collections will remain ongoing until the CLTs end.

In the Period, £28,006 has been received in respect of residential rental income, bringing total collections to £74,824. During the Period, £30,071 has been remitted to the apartment owners in accordance with the terms of the CLTs with total rent remitted since appointment of £63,518.

A proportion of the balance of the rental income may need to be paid to RMG as service charge costs, in accordance with the terms of the CLT. Accordingly, it is not anticipated that there will be a surplus of rent available for the Administration.

Commercial Units

The Sky Gardens development includes two ground floor commercial units. One is leased to Tesco and the other is vacant (formerly tenanted by a pizzeria). The terms of the leases were agreed prior to the Administration.

Tesco commercial unit

Lease

The Company granted a 15-year lease to Tesco, commencing on 28 November 2022, with annual rent payable of £100,000 plus VAT, subject to an 18-month rent free period. Although the lease was agreed prior to the Administration, it had not been executed.

During the Period, the Joint Administrators sought legal advice in relation to the execution of the lease. On 9 November 2023, the lease completed and contributions to rent of £7,671, insurance of £1,858 and service charges of £4,009 were received.

Marketing

The unit was marketed for sale requesting offers in the region of £1.6 million.

Several offers were received and, in June 2023, an offer of £1.6 million for the unit was accepted with section 5 notices, as required by Part 1 of the LTA 1987, served on individual unit holders. Section 5 notices were due to expire on 18 September 2023 and the sale was due to complete shortly thereafter.

In August 2023, the purchaser withdrew their offer due to an internal change in investment criteria. The underbidders were approached and in October 2023, an offer was received for £1.6 million with completion expected in November 2023. This interested party later withdrew their offer.

Roger Hannah has continued to market the unit and several new offers have been received, which are under review.

Vacant Unit

The unit was let to a pizzeria with a 10-year term at annual rent of £75,000 plus VAT. Roger Hannah recommended marketing the unit once the tenant had completed fit out works and commenced trading, expected in September 2023.

During the Period, rent of £8,333, insurance of £1,176 and service charge contributions of £1,115 have been received. However, the tenant failed to settle several invoices and rent fell into arrears. In addition, the required fit out works had not been undertaken. Following the receipt of agent and legal advice, on 30 October 2023 the lease was forfeited.

Roger Hannah is now marketing the unit as vacant. Offers will be reviewed as and when received.

Ground Rent

Collections

The Company has the benefit of a long leasehold to the development site, granted by MCC in December 2016 and which is due to expire in 2166, referred to as the headlease.

During the Period, RMG was instructed to issue ground rent demands to the individual residential unit owners. To date, ground rent collections total £8,887. Service charge collections are ongoing.

The funds are currently held in a suspense account as illustrated on the Receipts and Payments Account awaiting legal advice in relation to categorisation of realisations. The collections will be allocated to the correct asset category on the receipt of the advice.

The difference between the ground rent account and the suspense account of £16 relates to interest accrued.

Long leasehold interest

In October 2023, Colliers was engaged and commenced marketing the long leasehold for sale. Following government reforms, Colliers advised that the valuation of the leasehold interest held by the Company had reduced.

Offers for the long leasehold have been received and are being considered.

Bank interest and sundry refunds

During the Period, bank interest of £454 and sundry refunds of £3,182 have been received.

Potential claims

Company records and information provided by management has been reviewed to establish whether any claims exist.

In the Period, Cardium was instructed as legal adviser to provide advice in respect of the merit of any such claims. The details of any claims have not been provided due to their confidential nature.

Associated Company Debtors

On appointment, there were several associated debtors totalling £3.17 million, of which £2.9 million is owed by companies also in Administration.

The Company's books and records are being reviewed to assess whether any of the balances are realisable and a further update will be provided in the next report.

Investigations

The Joint Administrators continue to review the Company's affairs to establish if there are any actions to investigate for the benefit of creditors. For reasons of legal professional privilege and to avoid any commercial prejudice in relation to any claims that the Administration may have, which could in turn be contrary to the best interests of the creditors, it would not be appropriate to provide greater detail in the Report in respect of ongoing or potential litigation. To the extent possible, we will provide further updates to the creditors in future reports.

Distributions to creditors

Secured creditors

CBRE (Daiwa)

CBRE, who act as junior and security agent for Daiwa, holds a fixed and floating charge debenture dated 20 December 2016 over the assets of the Company, together with a legal charge over the Sky Gardens development, plus cross guarantees over connected entities, DeTrafford Gallery Gardens Block A Ltd and DeTrafford (Regiment) Limited - both in Administration. CBRE (Daiwa) also hold a personal guarantee

from the director for part of its lending to the Company.

At the date of appointment, the amount outstanding to CBRE (Daiwa) was c£25.1 million. Based on current information, it is anticipated that CBRE will receive a total return of c£6.4 million and therefore will suffer a shortfall in its lending.

Unilateral Notice Holders

Following a review of the HMLR registry, 16 residential units have unilateral notices and security registered against the titles which post-date CBRE (Daiwa)'s security. There are significant delays at HMLR in filings; however, we are not currently aware of any unilateral notices that pre-date the CBRE (Daiwa) security.

There are also several units where contracts were exchanged and deposits were paid prior to the Administration. The Joint Administrators are seeking legal advice in relation to the proposed next steps to allow the units to be sold. As such, the return to unilateral notice holders is currently uncertain.

Maslow

Maslow holds a fixed and floating charge dated 13 November 2023, which ranks behind CBRE.

Maslow is owed c£11.0m in relation to a cross guarantee provided by the Company in respect of lending to two entities (DeTrafford St Georges Gardens Ltd and DeTrafford City Gardens Ltd) within the DeTrafford group. Both entities are also in Administration and Maslow is the first ranking creditor. It is not anticipated that Maslow will receive a distribution from the Company.

Preferential creditors

The Company did not have any employees. As such, there are no known preferential creditors in this Administration.

Secondary preferential creditors

There are no known secondary preferential creditors in this Administration.

Prescribed Part

As detailed above, the Joint Administrators are investigating if any claims against third parties exist in relation to the Sky Gardens development. Any potential realisations are likely to be categorised as a floating charge asset. Expected realisations are currently uncertain; as such, it is not currently anticipated that there will be a distribution under the floating charge security and therefore the Prescribed Part will not apply in this Administration.

Unsecured creditors

To date, claims totalling £2,069,506.14 have been received, which largely relate to deposits paid to the Company prior to the Administration.

Based on current information it is not anticipated that there will be a return to unsecured creditors although this is subject to the outcome of the Joint Administrators' investigations.

Extension of the Administration

The Court granted an extension to the Administration for a period of 24 months, the Administration is now due to end on 26 January 2026.

Other matters

In addition to the above matters, we have dealt with all statutory matters required by legislation and administrative work incidental to our duties as Joint Administrators in this Administration.

Pre-Administration costs

As previously reported, the Proposals detailed unpaid pre-Administration costs. The Joint Administrators have not sought approval for the payment of these costs, which have been written off.

Joint Administrators' remuneration

In the proposals, the remuneration of the Joint Administrators' remuneration was proposed to be approved on a time costs basis.

During the Period, time costs of £299,183 were incurred over 845 hours at an average rate of £354 per hour. No remuneration was drawn in the Period.

A detailed report of the time incurred by the Joint Administrators and a narrative of the work done during the Period is attached in Appendix D.

Joint Administrators' expenses

Expenses paid during the Period are detailed in the receipts and payments account at Appendix C.

A breakdown of expenses incurred is set out in Appendix E.

Future actions

Extension of the Administration

The Administration is due to end on 26 January 2026.

Joint Administrators' discharge from liability

Prior to closure, approval for discharge from liability will be sought from the secured creditors on the registration of the notice to move from Administration and the final progress report with the registrar of companies.

Remaining matters

The Joint Administrators will continue to manage the affairs and property of the Company to achieve the objective of the Administration. The remaining matters to be resolved prior to the conclusion of the Administration include the following:

Asset realisations

- Terminate the remaining CLTs.
- Collect rental income from NPP for distribution to apartment owners under the terms of the CLT.
- Complete a sale of the residential units and car parking spaces (subject to legal and agent advice). Several sales contracts will be entered into as legal advice confirms the units are able to be sold.
- Complete a sale of the Tesco commercial unit.
- Complete a sale of the vacant commercial unit.
- Complete a sale of the ground rent interest.
- Continue to collect ground rent and allocate to the correct asset category once legal advice is received.
- Complete investigations into the Company's affairs to establish if there are any actions to be pursued for the benefit of the Administration.
- Investigate and obtain legal advice in relation to any potential claims.
- Monitor utility and council tax charges as they accrue.

Statutory requirements

- Prepare VAT returns and de-register the Company from VAT, when appropriate.
- Prepare and file Corporation Tax returns.
- Seek agreement to the Joint Administrators' fees, this is likely to require an application to Court.

Creditors

- Distribute to the secured creditors following the realisation of assets.
 - Provide written and verbal updates to the secured creditors.
 - Respond to unsecured creditor correspondence including the NHBC.
 - Circulate statutory reports.
-

Appendix A

Statutory information

Information

Company name	DeTrafford Sky Gardens Ltd
Company registration number	08996753
Registered office	c/o BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH
Court name and reference	High Court of Justice, Business and Property Courts in Manchester - 2023-MAN-000101
Date of appointment	27 January 2023
Appointor	CBRE Loan Services Limited, a QFCH pursuant to Paragraph 14 of Sch.B1 to the Act
Joint Administrators	<p>Kerry Bailey Lee Causer</p> <p><i>Under the provisions of paragraph 100(2) of Sch.B1 to the Act the Joint Administrators carry out their functions jointly and severally meaning any action can be done by one Administrator or by both of them.</i></p>
Joint Administrators' address	BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT
Data Control and GDPR	<p>Kerry Bailey and Lee Causer are authorised to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales in the UK. The Joint Administrators are Data Controllers as defined by the General Data Protection Regulations. BDO LLP will act as Data Processor on the instruction of the Data Controllers. Personal data will be kept secure and processed only for matters relating to the Administration of DeTrafford Sky Gardens Ltd. Please see the privacy statement at https://www.bdo.co.uk/en-gb/privacy-notices/insolvencies</p>

Appendix B

Creditors' rights

Within 21 days of receipt of the Report (1) a secured creditor, (2) an unsecured creditor with the concurrence of at least 5% in value (including the creditor in question) of the unsecured creditors; or (3) any unsecured creditor with the permission of the court, may request in writing that the Joint Administrators provide further information about their remuneration or expenses which are itemised in the Report.

Within 14 days of receipt of the request, the Joint Administrators must provide all of the information asked for, unless they think that:

- the time or cost in preparing the information would be excessive, or
- 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
- the Joint Administrators are subject to confidentiality obligations in respect of the information.

The Joint Administrators must give reasons for not providing all of the requested information.

Any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors may, within eight weeks of receipt of the Report, make an application to court that the basis fixed for the Joint Administrators' remuneration, the remuneration charged, or the expenses incurred by the Joint Administrators, as set out in the Report, are excessive.

Copies of BDO LLP's charging and expenses policy, 'A Creditors' Guide to Administrators' Fees' and information on the rights, duties and functions of a creditors' committee are available at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency Practitioners. In the event that you make a complaint to us but are not satisfied with the response, then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this Administration. A copy of the code can be found at <https://www.icaew.com/technical/ethics/icaew-code-of-ethics/icaew-code-of-ethics>.

Appendix C

Receipts and payments account

DeTrafford Sky Gardens Ltd
(In Administration)
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Appendix D

Joint Administrators' remuneration

Time costs of £299,183 have been incurred during the Period and a breakdown is detailed below together with details of the work undertaken.

Activity	Partner	Director	Senior manager	Manager	Senior executive	Executive	Total hours	Time costs £	Av. Rate £
Planning and strategy	0.95	3.15	-	66.60	1.00	1.50	73.20	28,094.40	383.80
Statutory reporting and decisions	0.10	4.35	5.15	49.40	5.45	1.55	66.00	24,240.25	367.28
General administration	1.15	0.60	0.40	34.75	45.90	50.50	133.30	28,133.20	211.05
Assets	0.35	48.00	-	255.60	50.30	1.40	355.65	137,059.75	385.37
Investigations	0.30	4.70	-	19.20	17.50	1.80	43.50	14,863.40	341.69
Creditors	0.65	22.70	0.35	118.70	5.45	4.25	152.10	60,070.80	394.94
Post appointment taxation	0.80	1.20	0.25	9.00	9.10	1.35	21.70	6,721.25	309.74
TOTAL	4.30	84.70	6.15	553.25	134.70	62.35	845.45	299,183.05	353.87

Planning and strategy

- Case reviews
- Internal meetings and discussions
- Preparation and review of strategy documents including estimated outcome statements

Statutory reporting and decisions

- Preparation of the fees and expenses estimate
- Liaising with secured creditors and lawyers in respect of obtaining remuneration and category 2 expenses approval
- Preparation of the periodic progress reports
- Preparing for the application to Court to extend the Administration including liaising with and briefing lawyers, reviewing witness statements and discussing the extension required with secured creditors
- Preparation of extension documentation

General administration

- Ongoing maintenance and reconciliation of the Company bank account and other cashiering functions
- General reporting and notifications to creditors
- Dealing with ad hoc queries and queries from creditors
- Maintaining the Joint Administrators' files

Assets

General

- Monitoring of insurance of the Company's assets
- Liaising with agent's, Roger Hannah in respect of the property assets
- Attending regular calls with lawyers and agents in relation to the disposal strategy and legal requirements in relation to the same
- Reviewing the accrued utilities in respect of the residential and commercial units in respect of council tax, gas and electricity

Residential units and car parking

- Reviewing charges registered at HMLR
- Reviewing company information regarding the assets, including car parking spaces
- Dealing with queries from tenants and their legal representatives and liaising with managing agent, RMG, in respect of the same
- Reviewing information received from management, lawyers, agent's and purchasers in relation to exchanged contracts, unilateral notices, outstanding deposits and termination agreements
- Obtaining legal advice in relation to the security position of CBRE (Daiwa) and unilateral notice holders in respect of the sale of the residential units
- Obtaining legal and agent advice where a contract has exchanged prior to the appointment and the purchaser has expressed interest in completing the purchase in Administration.
- Liaising with the purchasers to gather further information to consider their offer for purchasing a unit
- Dealing with enquiries from apartment owners regarding water leakage issues. Liaising with RMG and insurers to resolve
- Liaising with RMG as regards enquiries from tenants
- Liaising with DeTrafford, RMG, lawyers, Roger Hannah and CBRE (Daiwa) as regards car parking spaces and allocations
- Reviewing the service charge and insurance position and discussing the same with RMG

Commercial units

- Reviewing the Tesco agreement for execution. Discussions with lawyers, agents and the secured creditors in this regard
 - Reviewing offers received for the Tesco unit. Discussing the offers with agents, lawyers and secured creditors
 - Obtaining legal advice in relation to issuing notices in accordance with Section 5 of the LTA
 - Calculating rent, service charge and insurance figures due from pizzeria tenant. Issuing invoices and monitoring collections from the tenant. Liaising with lawyers in respect of forfeiture of the lease
 - Discussions with RH regarding marketing the vacant unit
-

Ground rent

- Reviewing the head lease terms
- Assessing the proposed marketing strategy
- Instructing RMG to collect ground rents and dealing with unit owner queries in relation to amounts due to be paid
- Seeking legal advice in respect of the allocation of the ground rent interest
- Instructing Colliers to market the ground rent interest and reviewing offers

Other

- Reviewing company information in relation to potential claims. Discussing the same internally and with lawyers
- Instructing Cardium as litigation lawyers and discussing the proposed strategy in relation to the potential claims
- Gathering company information available to share with Cardium

Investigations

- Continuing to review the Company's books and records including bank statements and financial records. Making enquiries externally as seen fit and preparing internal strategy notes in relation to proposed next steps.
- Reviewing the associated company debtor position.
- Further information cannot be provided to avoid prejudicing any potential investigation actions

Creditors

- Liaising with and reporting to the secured creditors
- Obtaining legal advice in relation to the rent guarantee position
- Reviewing rent reconciliation prepared by NPP. Liaising with NPP to address queries
- Preparing communications to rent guarantee creditors and liaising with lawyers to agree content
- Preparing and distributing rent to apartment owners under the terms of the CLT
- Communications with unit owners party to CLTs in relation to terminating the agreement
Reconciling and remitting rent to be paid as per the rent guarantee terms
- Liaising with the NHBC in respect of claims received
- Processing of creditors' claim forms and entering onto IPS
- Dealing with creditor enquiries, including where parties have paid deposits that have not been returned. Identifying whether additional supporting evidence is required

Post appointment taxation

- Preparation of VAT returns
 - Review of corporation tax matters and liaising with tax department
-

The current charge out rates per hour of staff within the firm who may be involved in working on the Administration are as follows:

Grade	£
Partner	745
Director	417-834
Senior Manager	347-694
Manager	190-507
Senior Executive	152-354
Executive	93-186
BDO LLP tax department (max)	1,304

Cumulative time incurred to fees estimate comparison

Total time costs £821,151 have been incurred over the course of the Administration to 26 January 2024 as detailed below.

Activity	Estimated			Total Incurred		
	Hours	Average rate £	Time costs £	Hours	Average rate £	Time costs £
Steps on appointment	71.30	397.79	28,362.35	71.30.00	397.79	28,362.35
Planning and strategy	156.35	442.76	69,226.20	158.85	394.85	62,271.60
Statutory reporting and decisions	118.30	388.91	46,008.00	106.50	406.70	43,313.15
General administration	187.70	286.34	53,746.60	212.30	214.97	45,639.95
Assets	571.35	471.64	269,472.05	738.90	452.31	334,211.25
Trading	0.50	470.00	235.00	46.45	268.20	12,457.70
Investigations	47.75	468.74	22,382.25	62.30	404.04	25,171.40
Creditors	536.75	427.55	229,487.30	564.90	444.41	251,049.55
Post appointment taxation	50.05	375.83	18,810.05	53.75	339.05	18,223.85
Closure	39.10	316.37	12,370.00	-	-	-
TOTAL	1,779.15	421.61	750,099.80	2,015.25	407.47	821,150.80

The Joint Administrators have exceeded their fees estimate of £750,100. This is primarily due to:

Assets

- *Residential units and car parking spaces* - as detailed above, following the receipt of information that was not available on appointment, the sale of the residential units will be incorporated into several contracts. In addition, it was required to consult with lawyers in respect of a review of the car parking spaces available.
- *Residential units with security or exchanged contracts* - legal advice has been sought in respect of individual units where unilateral notices are registered or exchanged contracts remain live. A review of the individuals' security position has required a detailed review of information available, bank statements and liaising with parties including the purchaser, former lawyers and CBRE (Daiwa).
- *Tesco unit* - as detailed above, two offers were accepted and subsequently withdrawn. Time has been incurred liaising with the interested party and Roger Hannah, reviewing offers and Heads of Terms and agreeing the proposed marketing strategy.
- *Vacant unit* - time has been spent seeking agent and legal advice in respect of the forfeiture of the lease.
- *Leasehold interest* - this relates to instructing Colliers and seeking their advice in relation to the proposed reforms and impact on value.
- *Ground rent* - seeking legal advice in respect of the allocation of collections.

Investigations

- Additional time has been incurred reviewing the Company's books and records, attending meetings with parties and reviewing the proposed strategy in respect of any potential investigatory actions.

Creditors

- *CLTs* - significant time has been incurred liaising with CLT holders
 - *Secured creditors* - time has been spent updating the secured creditors in relation to the asset realisation strategy, court extension application and other queries
-

Appendix E

Joint Administrators' expenses

The Joint Administrators' expenses incurred and paid are detailed below.

	Estimated £	Incurred in Period 27/07/2023 to 26/01/2024 £	Total Incurred 27/01/2023 to 26/01/2024 £	Total Paid 27/01/2023 to 26/01/2024 £
Category 1				
Fixed Charge Costs				
Legal Fees & Expenses				
• Freeths fees and disbursements ¹	341,083.00	120,979.00	147,989.00	22,427.00
• Boyes Turner fees and disbursements ²	40,000.00	9,902.00	13,712.00	6,099.00
• Cardium ³	7,500.00	7,500.00	7,500.00	7,500.00
Agents' Fees & Expenses				
• Roger Hannah ⁴	84,000.00	3,575.00	3,575.00	3,575.00
• Colliers ⁵	10,000.00	-	-	-
Council tax ⁶	407,413.00	74,075.00	148,150.00	-
Water ⁶	12,900.00	2,344.00	4,688.00	-
Electricity ⁶	82,000.00	14,920.00	29,840.00	-
Insurance ⁶	118,608.00	38,615.93	77,991.86	2,760.00
Ground Rent ⁶	20,000.00	5,000.00	10,000.00	-
Service charge ⁶	186,214.00	79,806.00	106,408.00	-
NPP Management Fee - Rent ⁷	5,000.00	1,950.43	4,489.43	4,219.42
Agents' Fees & Expenses - Travel plan	5,000.00	-	162.33	162.33
Legal Fees & Expenses - Boyes Turner (floating) ²	-	-	1,000.00	1,000.00
Bank Charges	150.00	75.00	90.00	90.00
*ICO Fees	80.00	-	40.00	-
*Statutory Advertising	95.00	-	95.00	-
*Bonding	200.00	-	200.00	-
*Land Registry	400.00	-	378.00	-
Category 2				
Mileage	-	-	-	-

*included within disbursements but not yet paid from the case. The other expenses are self-explanatory and we have reported the expenses by exception below.

1. Freeths' fees and disbursements incurred and paid relate to the property assets, including the advice provided in respect of the execution of the Tesco lease. The estimate includes a provision for fees and disbursements in respect of a potential court application to sell the units encumbered by UN1s.
2. Boyes Turner has been instructed to provide specific insolvency advice. The fees incurred and paid in the period relate to the extension of the Administration, CLTs and ASTs and general insolvency advice. The fees paid from the floating charge relate to the validity of appointment advice.
3. Cardium has been instructed to provide legal advice in respect of potential claims. A fixed fee of £7,500 was agreed and has been paid in the Period.

4. Roger Hannah has been instructed as selling agent to provide marketing and strategic advice. Fees incurred and paid in the Period relate to a red line plan in respect of car parking spaces and a marketing brochure for the Tesco unit.
5. Colliers has been instructed to market and dispose of the leasehold interests. The fees are based on a percentage of realisations with a minimum fee of £5,000 plus VAT and disbursements.
6. Council tax, water and electricity has accrued in respect of the vacant residential units. The estimated council tax cost assumes all units will be disposed of by October 2024. The estimated cost for service charge relates to the portfolio of 36 residential units. Ground rent is payable to MCC as per the terms of the headlease.
7. NPP is collecting rent from the tenants who occupy the units where there is a CLT and AST in place in the name of the Company. NPP receives a fee of 6% of the rent collected.

NB, as detailed on page 8, it is not anticipated that there will be a surplus of rent collected from the residential rental income for the Administration. The rent due to apartment owners has not been included in the above as it is required to be paid as per the terms of the CLT as is not a specific expense of the Administration.
