

The Insolvency Act 1986

**2.24B**

**Administrator's progress report**

Name of Company  
Durham Investments Six Limited

Company number  
03104360

In the High Court of Justice  
Chancery Division, Leeds District Registry

Court case number  
468 of 2010

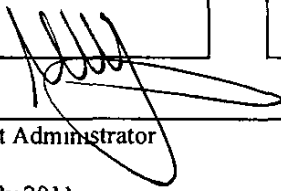
We  
Mark Granville Firmin  
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United Kingdom

The Administrators of the above Company attach a progress report for the period

from 5 January 2011 to 13 June 2011

Signed   
Joint Administrator  
Dated 6 July 2011

**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.

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**Durham Investments Six Limited in  
administration**

**Report to Creditors pursuant  
to Rule 2.47 of the  
Insolvency Rules 1986**

KPMG LLP  
6 July 2011

mgf/jl/sjn/rc/th



## Notice: About this Report

This Report has been prepared by Mark Granville Firmin, Brian Green and Howard Smith, the Joint Administrators of Durham Investments Six Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 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 interest in Durham Investments Six 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 its 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 to any such person.

Mark Granville Firmin and Brian Green are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

Howard Smith is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

The Joint Administrators act as agents for Durham Investments Six 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.

In accordance with Paragraph 100(2) of Schedule B1 the functions of the Joint Administrators may be exercised by any or all of them.



## Glossary

Joint Administrators	Mark Granville Firmin, Brian Green and Howard Smith of KPMG LLP, 1 The Embankment, Neville Street, Leeds LS1 4DW
Administration Order	The administration order granted by the High Court of Justice, Chancery Division, Leeds District Registry regarding Durham Investments Six Limited on 22 February 2010 Court administration number 468 of 2010
Aviva	Aviva Commercial Finance Limited, whose ultimate parent is Aviva Plc
the Company	Durham Investments Six Limited
the Directors	David Schreiber Jacob Schreiber
Eurogold	Eurogold Limited
The Group	Entities in the Group are Durham Investments Four Limited, Durham Investments Six Limited, Britonwood Properties Limited, BBL Estates (Britonwood) Limited and Waterbridge Capital Partners Property Fund 1 LLP (which is the parent entity)
LPA Receiver	Simon Thomas and Frederick Satow of Moorfields Corporate Recovery LLP, LPA Receiver of the property at 30-32 Battersea Square, London SW11 3RA
King Sturge	King Sturge LLP
Proposals	Report to Creditors pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 dated 14 April 2010 containing the Joint Administrators' proposals
Santander	Santander UK plc



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## 1 Introduction

Following my report dated 19 January 2011, which covered the period from 22 August 2010 to 4 January 2011, I set out below my progress report as per Rule 2.47 of the Insolvency Rules 1986. This report covers the period 5 January 2011 to 13 June 2011, and should be considered in conjunction with my previous reports.

The purpose of this report is to provide an update as to the progress of the administration and to support an application to the Court for an extension of the administration past its current automatic termination date of 21 August 2011.

A copy of my proposals is included for ease of reference at Appendix 6.

The appropriate statutory information is set out in Appendix 1. A receipts and payments account for the reporting period in Form 2.24 is attached at Appendix 4.

Please note that, unless stated otherwise, all amounts referred to in this report and its appendices are net of VAT.

## 2 Progress of the administration

The Joint Administrators are continuing to collect rent and manage the properties within the Company's portfolio.

The remaining assets to realise are book debts, rent collections and freehold properties via a sale through a wider exit strategy from the administrations of the Group entities.

## 3 Receipts and payments

I enclose at Appendix 4 an abstract of receipts and payments for the period of 5 January 2011 to 13 June 2011.

### 3.1 Receipts

#### 3.1.1 Book debts

Book debts of £13,870 have been collected in the period in respect of rent arrears at the date of appointment of the Joint Administrators.



Book debt receipts since the date of the Joint Administrators' appointment to 13 June 2011 total £187,853

**3 1 2 Funds received in error**

Funds received in error in the period total £20 This relates to an overpayment from King Sturge, which will be repaid in the next period

**3 1 3 LPA VAT receivable**

As a result of VAT accounting, in the period VAT receivable of £6,127 has been recognised on behalf of the LPA Receiver, over the property at Cotswold Mews, 30-32 Battersea Square

**3 1 4 Insurance Receipts**

A sum of £8,212 has been received in the period in respect of an insurance claim on works required to Cliftonville Court, Margate

**3.1.5 Rent**

In the period, the Joint Administrators have received £996,074 of rental income

Rent receipts since the date of the Joint Administrators' appointment to 13 June 2011 total £2,483,592

**3 1 6 Other receipts**

Bank interest of £2,128 has been received in the period on funds held in the Joint Administrators' account

Interest accrued by King Sturge on rental income of £50 has been received in the period and is represented as interest received on third party income in the Joint Administrators' receipts and payments account at Appendix 4

Interest on rent deposits of £3 has been received in the period

**3.2 Payments**

**3 2 1 Landlord Voids**

A total of £2,666 has been paid in the period by the Joint Administrators to the relevant service charge accounts managed by Eddisons in relation to void units

**3 2.2 Agents' fees**

King Sturge are instructed to invoice and collect rental income, and fees of £76,955 have been paid in the period Payments to King Sturge from the date of the Joint Administrators' appointment to 13 June 2011 total £142,377



In addition, local agents have been engaged to market void units, and fees of £7,000 have been paid in the period

Eddisons manage the service charge Fees for this management are paid out of the service charge and as such, are not included in the Joint Administrators' receipts and payments account at Appendix 4

**3.2 3 Payment of funds received in error**

The Joint Administrators have returned £1,165 of funds received in error in the prior period

**3.2 4 Landlord property costs**

In the period, £24,319 has been paid in respect of general landlord costs This principally includes costs of repair, security costs, and maintenance works to properties

**3.2 5 Void unit costs**

A total of £174 has been paid in the period relating to utility costs associated with void units

**3.2 6 Loan to service charge**

As a result of VAT accounting, in the period VAT payable of £2,569 has been recognised on behalf of the service charge

Whilst this is recoverable from the service charge, it is shown in the expense section of the receipts and payments account for prudence

**3.2 7 Other**

The Joint Administrators have paid the costs of storage of books and records of £119, and bank charges of £60 in the period

**4 Cost of realisations**

**4.1 Joint Administrators' time costs**

From appointment on 22 February 2011 to 13 June 2011, time costs of £397,118 have been incurred, representing 1,517 hours at an average rate of £262 per hour

Within these costs is time spent by other departments within KPMG LLP, including Climate Change and Sustainability, who have reviewed the health and safety position of the Company's properties

The statutory provisions relating to remuneration are set out in Rule 2 106 of the Insolvency Rules 1986 Further information is given in the Association of Business





Recovery Professionals' publication, A Creditors' Guide to Administrators' Fees, a copy of which can be found at

[http://www.r3.org.uk/media/documents/technical\\_library/SIPS/SIP%209%20E&W.pdf](http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20E&W.pdf)

If you are unable to access the above and would like a copy, then please contact Tom Hutchinson on 0113 231 3362

The Joint Administrators' remuneration will be agreed by the secured creditors, in this case Aviva, Santander and Eurogold

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

The Joint Administrators have not drawn any fees or disbursements to date.

## **5 Estimated outcome for creditors**

### **5.1 Secured creditors**

#### **5.1.1 Aviva**

The Directors' statement of affairs shows a balance due to Aviva, as the main secured lender, of £23,031,665. In the period, the Joint Administrators have distributed £853,505 to Aviva under its fixed charge, bringing total distributions to Aviva of £1,926,842.

In a distribution made to Aviva in the period, a payment from the Company under a commercial mortgage was reduced by a credit of £25,994 arising from a different entry within the Group. This credit will be offset by an overpayment of £25,994 in a further distribution.

#### **5.1.2 Santander**

Santander provided funding to the Company secured by way of a fixed charge over the property at 30-32 Battersea Square, London. As reported in the Joint Administrators' previous report to creditors, the property was sold by the LPA Receivers. The LPA Receivers accounted to Santander directly with the proceeds of sale. No surplus was available to the Joint Administrators.



## 5.2 **Preferential creditors**

According to the Directors' statement of affairs, there are no preferential creditors in the administration. No preferential claims have been received by the Joint Administrators to date.

## 5.3 **Unsecured creditors**

The Directors' statement of affairs showed unsecured creditors of £1,185,195. Based on current estimates, the Joint Administrators do not expect there to be sufficient funds available to make a distribution to the Company's unsecured creditors.

## 6 **Extension of the administration**

In accordance with the Proposals attached at Appendix 6, and paragraphs 76(2)(a) and 78(1) of Schedule B1 to the Insolvency Act 1986, consent for an extension of the administration period for six months was obtained from each secured creditor of the Company. This extension will automatically end on 21 August 2011.

In accordance with Paragraph 77(1)(a) of Schedule B1 of the Insolvency Act 1986, an order of the Court under Paragraph 76 of Schedule B1 of the Insolvency Act 1986 can be made in respect of an administrator whose term of office has already been extended by consent.

It is the Joint Administrators' intention to apply to the Court for the administration to be extended by a further eighteen months to 21 February 2013. This will allow the Joint Administrators to continue to explore a sale of the Company's properties as part of a wider exit strategy for the Group to achieve the purpose of the administration.

## 7 **Future conduct of the administration**

The Joint Administrators will continue to manage the business and affairs of the Company.

The key remaining issues to be dealt with are:

- Ongoing collection of rent and management of the property portfolio,
- Progressing a possible exit strategy through the sale of the Company's properties.

## 8 **End of the administration**

As discussed above at section 6, the administration will automatically end on 21 August 2011, although this report is being used to support an application to the Court for a further eighteen month extension to 21 February 2013

Following a resolution to extend the administration, and in accordance with Rule 2 47 of the Insolvency Rules 1986, a further progress report will be due following the next period of six months, in which further details regarding the Joint Administrators' progress in achieving the purpose of the administration will be discussed

## 9 **Statement concerning the EC Regulations**

EC Regulations will apply to the administration and the proceedings will be the main proceedings as defined in Article 3 of the EC Regulations on Insolvency Proceedings 2000. The Company's registered office and centre of main interest is in England, the United Kingdom

This means that the administration will be conducted according to UK Insolvency legislation and is not governed by the insolvency law of any other European Union Member State



Mark Firmin  
*Joint Administrator*



## Appendix 1 - Statutory information

<b>Company Name</b>	Durham Investments Six Limited
<b>Date of Incorporation</b>	20 September 1995
<b>Company number</b>	03104360
<b>Present Registered office</b>	c/o KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
<b>Previous registered office</b>	147 Stamford Hill London N16 5LG
<b>Called up share capital</b>	Ordinary Shares 1 £1 share
<b>Shareholders</b>	Waterbridge Capital Partners Property Fund 1 LLP 100%
<b>Directors</b>	David Schreiber Jacob Schreiber
<b>Company Secretary</b>	Rivky Niederman
<b>Employees</b>	None
<b>Previous names</b>	None



## Appendix 2 - Joint Administrators' time costs for the period 5 January 2011 to 13 June 2011

Reporting Period 05/01/2011 to 13/06/2011

	Partner / Director	Manager	Administrator	Total hours	Time cost	Average hourly rate
<b>Trading</b>						
Health & safety		12.50	1.00	13.50	£5,031.50	£372.70
General (Cashiering)	2.00		14.30	16.30	£3,541.50	£217.27
Reconciliations (& IPS accounting reviews)			2.40	2.40	£478.50	£199.38
Post appointment corporation tax	1.00	1.10		2.10	£839.50	£398.76
Post appointment VAT	0.40	2.30	10.25	12.95	£2,881.25	£222.49
Purchases and trading costs		20.80	205.20	226.00	£52,251.00	£231.20
Sales			13.75	13.75	£2,406.25	£175.00
<b>Administration &amp; planning</b>						
Fees and WIP		4.90	0.50	5.40	£1,986.00	£367.78
Appointment and related formalities		0.60		0.60	£255.00	£425.00
Checklist & reviews	0.20	0.60	1.75	2.55	£620.25	£243.24
Reports to debenture holders		4.60	26.60	31.10	£7,979.00	£256.56
Statutory receipts and payments accounts			0.90	0.90	£190.00	£211.11
Strategy documents	0.70	0.40		1.10	£544.50	£496.00
<b>Creditors</b>						
General correspondence		0.50		0.50	£204.50	£409.00
Payment of dividends			1.03	1.03	£180.25	£175.00
ROT Claims			1.40	1.40	£336.00	£240.00
Secured creditors	1.20	1.00		2.20	£425.00	£425.00
Statutory reports		4.40	7.20	11.60	£3,612.00	£311.37
<b>Realisation of assets</b>						
Freehold property	0.90	28.05	6.00	34.95	£11,320.75	£323.91
Leasehold property		1.55		1.55	£638.75	£412.10
Rent		11.70		11.70	£4,340.50	£370.98
Sale of business		6.70	20.15	26.85	£7,175.75	£267.25
<b>Total in period</b>				<b>420.43</b>	<b>£107,237.75</b>	<b>£255.07</b>
<b>Fees drawn</b>						
Bf				1,086.61	£289,879.85	£264.34
In the period				420.43	£107,237.75	£255.07
<b>Cf</b>				<b>1,517.04</b>	<b>397,117.60</b>	<b>£261.77</b>



### Appendix 3 – Joint Administrators’ charge out rates

<b>KPMG LLP</b>		
<b>Restructuring Team</b>		
<b>Grade</b>	<b>From 1 April 2009  £/hr</b>	<b>From 1 October 2010  £/hr</b>
<b>Partner</b>	515	535
<b>Associate Partner</b>	440	460
<b>Director</b>	440	460
<b>Senior Manager</b>	405	425
<b>Manager</b>	320	345
<b>Senior Administrator</b>	225	240
<b>Administrator</b>	165	175
<b>Support</b>	105	110
<b>Work Experience</b>	35	40



*Durham Investments Six Limited in administration*  
*Report to Creditors pursuant to Rule 2.47 of the Insolvency Rules 1986*  
KPMG LLP  
6 July 2011

**Appendix 4 – Abstract of Administrators’ Receipts &  
Payments Account Form 2.24B for the period 5 January  
2011 to 13 June 2011**

<b>RECEIPTS</b>		£
Brought forward from previous Abstract (if Any)		2,050,216 93
Book debts		13,870 00
Funds received in error		20 00
LPA VAT receivable		6,127 17
Interest received on Third party income		50 35
Insurance Receipts		8,212 06
Rent		996,073 80
Bank interest, gross		1,933 79
Rent deposit interest		3 38
Bank interest, gross		194 54
Fixed charge VAT payable		187,366 09
VAT debtor		2,785 99
Carried forward to * continuation sheet / next abstract		3,266,854 10
<b>PAYMENTS</b>		£
Brought forward from previous Abstract (if Any)		1,619,411 52
Landlord voids		2,666 21
Agents fees		83,955 37
Bank charges		60 00
Payment of funds received in error		1,165 03
Landlord Property Costs		24,319 17
Void Unit costs		173 85
Loan to service charge		2,568 94
Aviva Plc		853,505 06
Storage costs		119 41
Floating ch VAT rec'able		22 90
Fixed charge VAT rec'able		27,561 29
Fixed charge VAT control		75,647 23
Carried forward to * continuation sheet / next abstract		2,691,175 98

\* Delete as appropriate

\* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed





*Durham Investments Six Limited in administration*  
*Report to Creditors pursuant to Rule 2.47 of the Insolvency Rules 1986*  
KPMG LLP  
6 July 2011

**Appendix 5 – Joint Administrators’ receipts and  
payments account for the period 5 January 2011 to 13  
June 2011**

**Durham Investments Six Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

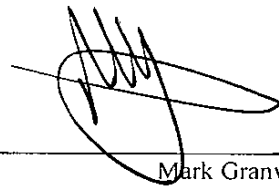
Statement of Affairs	From 05/01/2011 To 13/06/2011	From 22/02/2010 To 13/06/2011	
<b>FIXED CHARGE ASSETS</b>			
22 810,036 56	Freehold property	NIL	NIL
	Fund received in error	NIL	NIL
1 633,330 00	Battersea Square Property	NIL	NIL
230,000 00	Leasehold -Unit 7 Swinstead Close	NIL	NIL
	Rent Deposit	NIL	1,615 63
221,628 75	Book debts	13,870 00	187,852 58
	Funds received in error	20 00	2,171 63
	LPA VAT receivable	6,127 17	6,614 20
	Interest received on Third party income	50 35	183 64
	Insurance Receipts	8,212 06	8,212 06
	Rent	996,073 80	2,483,592 37
	Bank interest, gross	1 933 79	3,923 03
	Rent deposit interest	3 38	16 31
		1 026,290 55	2,694,181 45
<b>FIXED CHARGE COSTS</b>			
	Landlord voids	2,666 21	9,956 45
	Legal fees	NIL	52,332 44
	LPA Receiver VAT paid	NIL	NIL
	Agents fees	83,955 37	149 883 73
	Bank charges	60 00	200 00
	Payment of funds received in error	1,165 03	2,151 63
	Landlord Property Costs	24,319 17	58,610 59
	Void Unit costs	173 85	37,839 17
	Insurance Broker Costs	NIL	1,216 95
	Loan to service charge	2,568 94	11,880 94
		(114,908 57)	(324,071 90)
<b>FIXED CHARGE CREDITORS</b>			
(23,031,665 31)	Aviva Plc	853,505 06	1 926 842 14
(2,730,697 94)	Santander UK plc	NIL	NIL
(300,000 00)	Eurogold Limited	NIL	NIL
		(853,505 06)	(1,926 842 14)
<b>ASSET REALISATIONS</b>			
	Insurance commissions	NIL	78,346 20
		NIL	78,346 20
<b>OTHER REALISATIONS</b>			
	Bank interest gross	194 54	224 69
		194 54	224 69
<b>COST OF REALISATIONS</b>			
	Storage costs	119 41	953 60
	Statutory advertising	NIL	141 12
	Bank charges	NIL	4 00
		(119 41)	(1,098 72)
<b>UNSECURED CREDITORS</b>			
(410 675 46)	Trade & expense	NIL	NIL
(61,616 44)	Sales Ledger Credits	NIL	NIL
(6,732 00)	Inland Revenue - CIS	NIL	NIL

**Durham Investments Six Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 05/01/2011 To 13/06/2011	From 22/02/2010 To 13/06/2011
(593 184 06) Non-preferential VAT	NIL	NIL
(112,986 98) Rent Deposits	NIL	NIL
	NIL	NIL
<b>DISTRIBUTIONS</b>		
(1 00) Ordinary shareholders	NIL	NIL
	NIL	NIL
<b>(2,352,563 88)</b>	<b>57,952 05</b>	<b>520,739 58</b>

REPRESENTED BY

Floating ch VAT rec'able	193 59
Fixed charge current	496,058 23
Trust Account	1,631 94
Floating charge current	77 987 95
Fixed charge VAT rec'able	54,465 02
Fixed charge VAT payable	(485 963 88)
Fixed charge VAT control	353,791 44
VAT debtor	22 575 29
	<b>520,739 58</b>



Mark Granville Firmin  
Administrator



## **Appendix 6 – Joint Administrators’ Proposals**

The Joint Administrators proposed the following two resolutions which were deemed accepted following the Joint Administrators’ Paragraph 49 report dated 14 April 2010

### **Resolution 1:**

- to continue to do all such things reasonably expedient and generally exercise all their powers as contained in Schedule B1 to the Insolvency Act 1986 as Joint Administrators as they, in their absolute discretion, consider desirable in order to maximise realisations from the assets of Durham Investments Six Limited,
- to investigate and, if appropriate, pursue any claims that Durham Investments Six Limited may have,
- to seek an extension to the Administration period if deemed necessary by the Joint Administrators pursuant to Paragraph 76 of Schedule B1 to the Insolvency Act 1986,
- to allow the Administration to cease to have effect following its 12 month period or any extension thereof,
- to seek if appropriate, permission of the Court to make a distribution to unsecured creditors of Durham Investments Six Limited pursuant to Paragraph 65 of Schedule B1 to the Insolvency Act 1986 and to seek, if appropriate, any other directions from the Court,
- when it is considered that no further distributions to creditors will be made and that the Joint Administrators have concluded their duties, to take the necessary steps to move Durham Investments Six Limited from Administration to Dissolution, pursuant to Paragraph 84 of Schedule B1 to the Insolvency Act 1986,
- if the Joint Administrators consider that a distribution will be made to unsecured creditors of Durham Investments Six Limited, and if deemed appropriate by the Joint Administrators, to take the necessary steps to move Durham Investments Six Limited into Creditors’ Voluntary Liquidation pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986,
- if Creditors’ Voluntary Liquidation is deemed appropriate, the Joint Administrators will seek the appointment of Mark Granville Firmin, Howard Smith and Brian Green of KPMG LLP as Joint Liquidators of Durham Investments Six Limited, without any further recourse to creditors. In accordance with Paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117(3) of the Insolvency Rules 1986, creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved,
- if one of the criteria set out in Paragraph 79(2) of Schedule B1 to the Insolvency Act 1986 applies to Durham Investments Six Limited, the Joint Administrators can make an application to court to end the Administration and, if deemed appropriate, to petition the Court for the winding up of Durham Investments Six Limited. If



appropriate, the Joint Administrators will, at the same time, apply to be appointed as Joint Liquidators under Section 140(1) of the Insolvency Act 1986, and the Joint Administrators will seek a resolution from creditors to be discharged from liability 14 days after the cessation of their appointment as Joint Administrators, in respect of any action of The Joint Administrators pursuant to Paragraph 98(1) of Schedule B1 to the Insolvency Act 1986,

- in the event that Mark Granville Firmin, Howard Smith and Brian Green are appointed Joint Liquidators then they will be allowed to act jointly and severally, and
- the Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect

**Resolution 2:**

- that in the event that no creditors' committee is formed, the Joint Administrators will be authorised to draw fees on account from the assets of Durham Investments Six Limited from time to time during the period of Administration based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment. Also, the Joint Administrators will be authorised to draw disbursements from time to time to include category 2 disbursements, and
- that the costs of KPMG LLP in respect of other KPMG LLP specialists advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of Durham Investments Six Limited.