

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
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Brian Green
KPMG LLP
St James Square
Manchester
M2 6DS
United Kingdom

Howard Smith
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

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

from
5 January 2012

to
4 July 2012

Signed



Joint Administrator

Dated

1 August 2012

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.

Kevin Flatley
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
DX Number DX 724440 Leeds
Tel 0113 231 3155
DX Exchange

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Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff





**Durham Investments Six Limited in
administration**

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

KPMG LLP
1 August 2012

MGF/CH/KF



Durham Investments Six Limited in administration
Report to Creditors pursuant to Rule 2.47 of the Insolvency Rules 1986
KPMG LLP
1 August 2012

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 (in administration)
the Court	High Court of Justice, Chancery Division, Leeds District Registry
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) (all in administration)
Jones Lang LaSalle	Jones Lang LaSalle Limited (formerly 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



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1 Introduction

Following my report dated 1 February 2012, which covered the period from 14 June 2011 to 4 January 2012, I set out below my progress report as per Rule 2.47 of the Insolvency Rules 1986. This report covers the period 5 January 2012 to 4 July 2012, 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.

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 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 2012 to 4 July 2012.

3.1 Receipts

3.1.1 Book debts

Book debts of £8,740 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 4 July 2012 total £205,417.



3 1 2 Rent

In the period, the Joint Administrators have received £989,966 of rental income

Rent receipts since the date of the Joint Administrators' appointment to 4 July 2012 total £4,942,135

3 1 3 Loan from service charge

As a result of VAT accounting, in the period VAT receivable of £1,705 has been recognised on behalf of the service charge

3 1 4 Rent deposit interest

Rent deposits are held on trust on behalf of the tenants and are not available to creditors of the Company

Interest on these deposits of £23 has been received in the period

3 1 5 Reimbursed insurance premiums

In the period, receipts of £625 have been received from tenants in respect of insurance premiums paid by the Joint Administrators on their behalf

3 1 6 Other receipts

Bank interest of £1,980 has been received in the period on funds held in the Joint Administrators' account

Interest accrued by Jones Lang LaSalle on rental income of £219 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

3 2 Payments

3 2 1 Agents' fees

Jones Lang LaSalle is instructed to invoice and collect rental income, and fees of £102,780 have been paid in the period. Payments to Jones Lang LaSalle from the date of the Joint Administrators' appointment to 4 July 2012 total £345,528

In addition, fees of £275 have been paid in the period to local agents in respect of marketing void units

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. A fee of £5,000 was paid to Eddisons in the period in respect of the reconciliation of historic service charge accounts



3.2.2 Unit 1, Bilborough rent

Legal advice confirmed that rent receipts in respect of a unit previously understood to be owned by the Company are actually due to Durham Investments Four Limited (in administration)

Accordingly, £28,230 was transferred to Durham Investments Four Limited (in administration) in the period, in respect of rent received on this unit

3.2.3 Landlord property costs

In the period, £35,189 has been paid in respect of general landlord costs. This principally includes costs of repair and maintenance works to properties, security costs and the costs of obtaining energy performance certificates

3.2.4 Void unit costs

A total of £202 has been paid in the period relating to utility costs incurred at void units

3.2.5 Loan to service charge

As a result of VAT accounting, in the period VAT payable of £2,058 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

3.2.6 Other

The Joint Administrators have paid the costs of storage of books and records of £168

3.2.7 VAT debtor

The receipts and payments account details a VAT debtor payment of £6,674 in the period. This receipt is an effect of the VAT accounting in place to control payments to HM Revenue & Customs

4 Cost of realisations

4.1 Joint Administrators' time costs

From appointment on 22 February 2010 to 4 July 2012, time costs of £610,246 have been incurred, representing 2,376 hours at an average rate of £257 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 and environmental 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.13.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, please contact Kevin Flatley on 0113 231 3155

The Joint Administrators' remuneration has been agreed by the secured creditors, in this case Aviva

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.

In the period the Joint Administrators have not drawn any fees

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. Distributions to Aviva total £2,883,469 since the appointment of 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 paragraph 76(2)(a) of Schedule B1 to the Insolvency Act 1986, consent for an extension of the administration period for eighteen months was obtained from the Court. This extension expires on 21 February 2013.

This will allow the Joint Administrators to continue to collect assets and 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 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. Further details regarding the Joint Administrators' progress in achieving the purpose of the administration will be set out in this report.

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.



Durham Investments Six Limited in administration
Report to Creditors pursuant to Rule 2.47 of the Insolvency Rules 1986
KPMG LLP
1 August 2012

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

A handwritten signature in black ink, appearing to read 'Mark Firmin', with a stylized flourish at the end.

Mark Firmin
Joint Administrator



Appendix 1 - Statutory information

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



Appendix 2 - Joint Administrators' time costs for the period 5 January 2012 to 4 July 2012

	Partner / Director	Manager	Administrator	Total hours	Time cost	Average hourly rate
Trading						
Asset Realisation						
Health & safety		0 50		0 50	£172 50	£345 00
Cashiering						
General (Cashiering)	2 60		14 80	17 40	£3 857 50	£221 70
Reconciliations (& IPS accounting reviews)			3 40	3 40	£712 00	£209 41
Tax						
Post appointment corporation tax		1 30	3 50	4 80	£1 288 50	£268 44
Post appointment VAT	0 50	4 20	17 70	22 40	£5,008 25	£223 58
Trading						
Purchases and trading costs		10 20	176 45	186 65	£40 751 50	£218 33
Sales		1 90		1 90	£655 50	£345 00
Administration & planning						
General						
Books and records			1 60	1 60	£280 00	£175 00
Fees and WIP	0 60	2 00	16 90	19 50	£4 203 50	£215 56
Statutory and compliance						
Checklist & reviews	0 50	0 70	4 90	6 10	£1,422 50	£233 20
Pre-appointment checks			0 50	0 50	£87 50	£175 00
Reports to debenture holders			6 80	6 80	£1,632 00	£240 00
Statutory receipts and payments accounts			0 70	0 70	£168 00	£240 00
Creditors						
Creditors and claims						
Secured creditors		3 40		3 40	£1,173 00	£345 00
Statutory reports	1 60	1 50	10 40	13 50	£3 512 00	£260 15
Realisation of assets						
Asset Realisation						
Cash and investments			0 50	0 50	£87 50	£175 00
Freehold property	0 70	14 00	28 80	43 50	£11 491 50	£264 17
Leasehold property	2 10			2 10	£1 123 50	£535 00
Open cover insurance		0 50	6 90	7 40	£1,828 50	£247 09
Rent			1 50	1 50	£360 00	£240 00
Sale of business		17 70	11 00	28 70	£9,482 50	£330 40
Total in period				372 85	£89,297 75	£239 50
Brought forward time (22 February 2010 to 4 January 2012)						
				2 003 49	£520 948 35	£260 02
Total time (22 February 2010 to 4 July 2012)				2 376 34	£610 246 10	£256 80



Appendix 3 – Joint Administrators’ charge out rates

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



Appendix 4 – Abstract of Administrators’ Receipts & Payments Account Form 2.24B for the period 5 January 2012 to 4 July 2012

ABSTRACT OF RECEIPTS AND PAYMENTS 05/01/2012 to 04/07/2012 Appendix to Form 2.24
 Durham Investments Six Limited Page 1

	RECEIPTS	£
	Brought forward from previous Abstract (if Any)	5,143,268.85
	Book debts	8,740.00
	Interest received on Third party income	218.74
	Rent	989,965.55
	Loan from service charge	1,704.96
	Bank interest gross	1,513.33
	Rent deposit interest	22.63
	Reimbursed insurance premiums	625.20
	Bank interest, gross	466.82
	Fixed charge VAT payable	276,246.85
	Floating ch. VAT control	33.13
* Delete as appropriate	Carried forward to * continuation sheet / next abstract	6,332,806.06
	PAYMENTS	£
	Brought forward from previous Abstract (if Any)	4,243,741.65
	Agents fees	108,055.25
	Unit 1 Bilberough rent	28,230.50
	Payment of funds received in error	175.99
	Landlord Property Costs	35,188.66
	Void Unit costs	202.35
	Loan to service charge	2,057.56
	Storage costs	168.42
	Floating ch. VAT receivable	33.13
	Fixed charge VAT receivable	30,363.87
	Fixed charge VAT control	177,000.85
	VAT debtor	6,673.88
* Delete as appropriate	Carried forward to * continuation sheet / next abstract	4,631,958.01

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.



Appendix 5 – Joint Administrators' receipts and payments account for the period 5 January 2012 to 4 July 2012

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

Statement of Affairs	From 05/01/2012 To 04/07/2012	From 22/02/2010 To 04/07/2012
FIXED CHARGE ASSETS		
22,810,036.50		
	NIL	NIL
	NIL	NIL
1,633,330.00	NIL	NIL
230,000.00	NIL	NIL
	NIL	10,195.63
221,628.75	8,740.00	205,416.57
	NIL	3,148.07
	NIL	6,614.20
	218.74	895.36
	NIL	16,524.12
	989,965.55	4,942,135.05
	1,704.96	5,727.99
	1,513.33	6,377.24
	22.63	49.50
	<u>1,002,165.21</u>	<u>5,197,083.73</u>
FIXED CHARGE COSTS		
	NIL	12,622.67
	NIL	52,471.01
	NIL	NIL
	108,055.35	370,474.57
	28,230.50	127,037.25
	NIL	260.00
	175.79	2,327.42
	35,188.66	109,877.30
	202.35	38,164.07
	NIL	34,896.44
	2,057.56	16,909.77
	<u>(173,910.21)</u>	<u>(765,040.50)</u>
FIXED CHARGE CREDITORS		
(23,031,665.31)	NIL	2,883,468.71
(2,730,697.94)	NIL	NIL
(300,000.00)	NIL	NIL
	<u>NIL</u>	<u>(2,883,468.71)</u>
ASSET REALISATIONS		
	625.20	625.20
	NIL	146,765.13
	<u>625.20</u>	<u>147,390.33</u>
OTHER REALISATIONS		
	466.82	807.53
	<u>466.82</u>	<u>807.53</u>
COST OF REALISATIONS		
	168.42	11,609.3
	NIL	141.12
	NIL	4.00
	<u>(168.42)</u>	<u>(1,306.05)</u>
UNSTRUCTURED CREDITORS		
(410,675.46)	NIL	NIL



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