

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company Cheval Property Developments Limited	Company number 04348496
In the High Court of Justice [full name of court]	Court case number 5009 of 2011

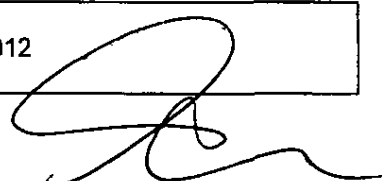
(a) Insert full name(s) and address(es) of administrator(s)

We (a) Malcolm Peter Fillmore and Ms Ranjit Bajon of Atherton Bailey, Arundel House, 1 Amberley Court, Whitworth Road, Crawley, RH11 7XL

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

(b) Insert dates

from (a) 17 July 2012	to (b) 16 January 2013
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Signed 
Joint Administrator - M P Fillmore

Dated 30 January 2013

Contact Details:

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

Atherton Bailey Arundel House, 1 Amberley Court Whitworth Road, Crawley RH11 7XL	
Tel 01293 410333	
DX Number	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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**JOINT ADMINISTRATORS' PROGRESS REPORT FOR THE PERIOD
17 JULY 2012 TO 16 JANUARY 2013**

CHEVAL PROPERTY DEVELOPMENTS LIMITED – IN ADMINISTRATION

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Appendix 3 - Receipts and payments Account for the period of the report as well as an accumulative summary

CHEVAL PROPERTY DEVELOPMENTS LIMITED (in Administration) ("The Company")
Trading address of company: Meridien House, 69-71 Clarendon Road, Watford WD17 1DS

ADMINISTRATORS' PROGRESS REPORT FOR THE PERIOD 17 JULY 2012 TO 16 JANUARY 2013
(Rule 2.47 of the Insolvency Rules 1986)

1 Introduction and Statutory Information

- 1.1 On 20 June 2011, Malcolm Fillmore and Ms Ranjit Bajon of Atherton Bailey LLP were appointed Joint Administrators of the Company by the High Court of Justice under an application made by Israel Discount Bank ("IDB"). This is our fourth formal report on the progress of this Administration since our appointment.
- 1.2 The business of the Company was to provide bridging finance to customers, principally to assist them to acquire property for development. The Company took security over the property and Israel Discount Bank ("IDB") in turn took security over the Company's security. The Company traded from leasehold premises in Watford.
- 1.3 Attached as Appendix 1 are certain formal and statutory details which we are required to disclose and which include details relating to our costs as Administrators, further details of which are given in Appendix 2. Appendix 3 is a summary of our receipts and payments for the period to 16 January 2013 as well as to the date of this report.

2. Progress of the Administration

- 2.1 The Purposes of the Administration were to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up and realising property in order to make a distribution to one or more secured or preferential creditors. In practice, the latter purpose has been adopted.
- 2.2 As at the date of our appointment the company had outstanding loans against the following properties:
- 35-38 Fnrar Street Reading ("Fnrar Street")
Seaton Heights Devon ("Seaton Heights")
Thorn Farm Nr Canterbury Kent ("Thorn Farm")
Carrick Court Hotel Southern Ireland ("Carrick Court")
- Fnrar Street**
- 2.3 Following our appointment we found that Fnrar Street had been transferred into the name of Cheval Property Finance Plc ("CPF") the parent Company and over which PWC had been appointed Administrators. As IDB continue to hold their sub charge over Fnrar Street, proceeds from the realisation of the security will be paid to IDB. The ground floor and basement of the property had been sold prior to our appointment.
- 2.4 To overcome the potential control problems, we were appointed as Joint LPA Receivers of Fnrar Street on 8 August 2011. The registered owner of Fnrar Street, London & Silver Developments LLP had been dissolved and we instructed our solicitors to apply to restore London & Silver to the Companies House Registry to prevent any difficulties when dealing with the sale of Fnrar Street. London & Silver Developments LLP was restored to the register on 9 March 2012.
- 2.5 We instructed Lambert Smith Hampton to continue to market the upper floors and the freehold of Fnrar Street on our behalf and to negotiate with two interested parties. In February 2012 we accepted an offer of £610,000 for the upper floors from Land Investments Limited ("Land Investments"), who had previously acquired the 999 year lease on the ground floor and basement of Fnrar Street. Contracts were issued to Land Investments with the intention of exchanging contracts within 14 days and completing 14 days thereafter. However progress was slow and given that the second interested party was still keen to buy the freehold we issued a second contract in April 2012 but once again progress was slow.

- 2 6 In late June 2012 we were made aware by the second party that the upper floors of Fnr Street may have serious issues with the drains. We instructed a building surveyor from Lambert Smith Hampton to ascertain the extent of the problem and what steps need to be taken to resolve it.
- 2 7 Following discussions between the interested party and Lambert Smith Hampton it became clear that the issue with the drains related to the proposed future use of the property as budget housing accommodation as opposed to an office use.
- 2 8 The proposed purchaser confirmed that he was still interested in buying the property but at a significantly reduced price. Lambert Smith Hampton continued to negotiate with both Land Investments and the second party and in September 2012 we accepted an offer from the second interested party. Contracts have been issued to this party and various queries have been raised and information has been provided. We have not yet exchanged contracts.

Seaton Heights

- 2 9 We instructed Chnstie & Co to provide a formal valuation of Seaton Heights and strategy for marketing and realising the property.
- 2 10 We were approached in December 2011 by an agent who had previously introduced a possible purchaser to the owners but negotiations had not been concluded. We entered into negotiations and agreed the terms of the offer in February 2012. Contracts were issued with the intention of completing the sale by the end of April 2012. Progress toward exchange and completion was very slow and in October 2012 the interested party withdrew their existing offer and made a substantially reduced offer which was conditional on the local authority agreeing to amend a s106 agreement on the proposed planning application. The terms of this offer were unacceptable and we withdrew from the proposed sale.
- 2 11 We had also continued discussions with the owners, Mr & Mrs Gnpton, and agreed the level of offer we would require from them to settle the Company's and IDB's charge on Seaton Heights and to include the release of various Personal Guarantees. The Gnptons made an offer in April 2012 to redeem the charge with the intention that we would receive settlement by the end of May 2012 but it would appear that they have been unable to find appropriate funding.
- 2 12 More recently a new interested party has emerged and we are continuing negotiations. We are also continuing discussions with the agent who introduced the proposed purchaser as he has indicated that he may be able to introduce other prospective purchasers.

Thorn Farm

- 2 13 A change of planning use was granted over Thorn Farm to allow for offices/light industrial and storage/distribution. However it is considered by our agents that the planning permission as granted is in present market conditions uneconomic. We are therefore considering alternative options to maximise the potential value of Thorn Farm and its cottage. We have met with a local planning officer and have held positive discussions. As a result of these discussions our planning consultant prepared a report on the attractiveness of the site for employment opportunities within a revised planning application and to seek appropriate and amended planning consent.
- 2 14 We are continuing to receive rental income of £700 per month from the tenant of Thorn Farm Cottage. We do not anticipate an early realisation.

Carrick Court Hotel Southern Ireland

- 2 15 The Company loaned Eugene Sheridan 2,539,626 Euros in February 2008 taking out a second charge over the property after Clydesdale Bank. Deloitte were appointed as LPA Receivers of Carrick Court Hotel in 2009 and we have seen site of the valuation report prepared for them.
- 2 16 It is understood that the current valuation of the property is considerably lower than the original lending by the Company and that as our interest is under a second charge, it is not thought there is any likelihood of a realisation. Issues relating to the ongoing loan continue to be investigated.

PII Claims

- 2 17 Prior to our appointment the Company made a PII claim for £144,000 against the solicitors who had acted in the purchase of Eatons Farm. The Company had at the time of the purchase taken out a Defective Title Insurance Policy under which we are now seeking to pursue the claim.
- 2 18 The Company had previously commenced a PII claim against the valuers of a property known as South Sands. The fruits of this action had however been assigned to CPF and had subsequently been transferred to Checked Limited ("Checked") under the sale agreement with PWC. However the legal action was being continued in the name of the Company. We discussed and agreed with Checked a protocol which would allow us to realise funds from the action. A settlement figure of £145,000 was agreed, this was shared equally between the Company and Checked.
- 2 19 We are also investigating other possible PII claims with the intention of recovering damages on a number of underperforming loans. As yet, no further actions have been commenced.

Other Matters

- 2 20 As required by SIP2, I have invited creditors to provide the Administrators with information they may have on any concern regarding the way in which the company's business has been conducted, or on potential recoveries for the Administration estate. We have also considered the conduct of those who have been directors of the company (whether formally appointed as directors nor not) at any time within the three years preceding the date of the Administration. We have now been appointed as joint liquidators of CPF, if there are any matters relating to the affairs of either company that you think should be drawn to our attention, please could you do so as soon as possible.

Creditors

- 2 21 IDB took specific fixed charges over the security held by the Company in relation to specific customers. The Company also granted a fixed and floating charge to IDB on 27 January 2011. At the date of the Administrators' appointment, the Company's indebtedness to IDB was £7,940,333, based on current information available, IDB will suffer a shortfall in respect of this security.
- 2 22 The Company has no preferential creditors.
- 2 23 Pursuant to Section 176A of the Insolvency Act 1986, where there is a floating charge which is dated after 15 September 2003, a prescribed part comprising from the company's net floating charge property is to be set aside for distribution to the creditors taking into account the costs in relation of the distribution. However at this stage we have not become aware of any assets which would be subject to the floating charge consequently the provisions of Section 176A do not apply.

3 Assets remaining to be realised

- 3 1 As at the date of this report, the following assets remain to be realised
- 35-38 Fnar Street Reading ("Fnar Street")
 - Seaton Heights Devon ("Seaton Heights")
 - Thorn Farm Nr Canterbury Kent ("Thorn Farm")
 - The PII Claims

4. Extension to the Initial Period of Administration

- 4 1 The initial period of an Administration is 12 months, with a right to extend by a further six months by consent of the creditors. Any extension beyond 18 months requires approval of the Court. The Administration was extended to 19 December 2012 with the approval of the creditors.
- 4 2 On 12 November 2012 the Court extended the Administration for a further period of 2 Years to 18 December 2014. The main purpose of this will be to give the Administrators sufficient time to achieve a realisation of the company's assets.
- 4 3 The Court granted the extension of the Administration as the process of obtaining an improved planning permission is likely to take up a considerable period of time, probably a minimum of 18 months. A planning and development consultancy firm has been instructed to review current redevelopment prospects and to prepare revised proposals and negotiate these with the local planning authority for their approval.

4.4 We are also sought the extension to allow time to pursue PII claims against the valuers of the properties which have resulted in substantial losses to the Company

5. The Exit Route

5.1 There are a number of possible exit routes from Administration. These include

5.1.1 Distributing the funds to creditors in accordance with their statutory priority and then seeking to dissolve the Company. If funds are to be paid to unsecured creditors, this requires the sanction of the Court.

5.1.2 Putting the Company into Creditors' Voluntary Liquidation. In this event, the Administrators would act as liquidators in accordance with our proposals.

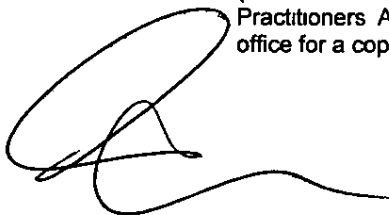
5.1.3 Proposing a Company Voluntary Arrangement (CVA).

5.2 In this case, the only prospect for funds being available to pay such a dividend to unsecured creditors would be via the prescribed part. If appropriate we would seek the Court's permission to distribute this in the Administration prior to the dissolution of the Company. However, should an alternative route appear to be beneficial to the outcome for creditors, we may choose that route.

5.3 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon our appointment as Administrators ceasing to have effect.

6. Joint Administrators' Costs and Remuneration

6.1 The total "time costs" recorded both since our appointment and for the period under review are summarised on Appendices 2 and 2a in the format prescribed by R3 (The Association of Business Recovery Professionals). Creditors should note that these are the time costs shown on our internal accounting records and are not necessarily the amounts actually charged and recovered as remuneration. A Creditor's guide to Administrator's Fees can be located in SIP 9 (Statement of Insolvency Practice) which can be accessed through the website of the Insolvency Practitioners Association, www.insolvency-practitioners.org.uk. Alternatively please contact this office for a copy to be sent to you by post.



Malcolm Fillmore
Joint Administrator of Cheval Property Developments Limited
Dated 30 January 2013

STATUTORY INFORMATION AND DISCLOSURES

Details of Relevant Court:

High Court of Justice
Court reference No 5009 of 2011

Company Details:

Registered Office Arundel House, Amberley Court, Whitworth Road, Crawley, RH11 7XL
Registered Number 04348496
Any former name in 12 months prior to Administration None

Administration Details:

Malcolm Peter Fillmore and Ms Ranjit Bajon of Atherton Bailey LLP, Arundel House, Amberley Court, Whitworth Road, Crawley RH11 7XL were appointed on 20 June 2011
The appointment was made by the court pursuant to an application made by Israel Discount Bank Limited ("IDB")
The Administrators act jointly and severally in all matters relating to the administration
There have been no changes in the office holders since Administration

Administrators' Remuneration

The Administrators' Proposals were deemed to be approved on 18 August 2011 and it was agreed that the Administrators remuneration would be on a time cost basis pursuant to Rule 2 106 IR1986 The current hourly rates of staff and partners involved in this case are as follows Partners £295 (£275 - £295), Senior Professional Staff £135 - £240 (£110 - £230), Assistants and Support Staff £85 - £100 The hourly rates were increased with effect from 1 June 2012, the previous rates are shown in brackets,

The creditors also approved Category 2 disbursements as being 25p per letter, 15p per photocopy and 45p per mile plus 5p for additional persons travelling in the same car Company searches and other searches from our Provider Credit Safe which are to be recharged to the case at a rate of £1 per search

The Category 2 disbursements incurred (irrespective of whether payment has been made during the period) by the Administrators for the period of the Report are as follows

- Letters, photocopying and Postage £19 37
- Company House Searches £4 00

No Administrators' remuneration or category 2 disbursements have yet been drawn in the period in accordance with the resolution passed Pre-Administration costs of £10,101 32 and disbursements of £196 08 have been approved by the secured creditor In addition remuneration from realisations of assets secured by fixed charges will be approved by the secured creditor

A Creditor's Guide to Administrator's Fees, known as SIP 9 (*Statement of Insolvency Practice 9*), can be accessed through the website of the Insolvency Practitioners Association, www.insolvency-practitioners.org.uk Alternatively please contact this office for a copy to be sent to you by post

Creditors are advised that within 21 days of receipt of a progress report you may request the Administrators to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report Any request must be in writing, and made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of all unsecured creditors (including himself) or the permission of the court Explanation of the rights to challenge the administrators' remuneration and expenses are set out in SIP9

Atherton Bailey**TIME & CHARGEOUT SUMMARIES**Cheval Property Developments Limited
Administration**HOURS**

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	26 70	0 00	269 72	167 60	464 02	89,451 80	192 78
Investigations	11 17	0 00	2 32	0 22	13 70	3,852 82	281 23
Realisation of Assets	118 68	0 00	109 08	0 60	228 37	60,145 73	263 37
Trading	0 42	0 00	0 00	0 92	1 33	235 43	176 56
Creditors	30 00	0 00	33 32	3 73	67 05	17,097 18	254 99
Litigation	5 42	0 00	9 95	0 00	15 37	3,938 54	256 30
Rec & Pay	0 00	0 00	0 00	14 23	14 23	1,285 73	90 35
Total Fees Claimed £	56,321 63	0 00	98,335 82	21,349 78		176,007 23	
Total Hours	192 39	0 00	424 38	187 30	804 07		
Average Rate	292 75	0 00	231 71	113 99			

Atherton Bailey**TIME & CHARGEOUT SUMMARIES**

Cheval Property Developments Limited

LPA Receiver - Friar Street

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	3 48	0 00	51 97	6 52	61 97	13,947 20	225 07
Investigations	1 33	0 00	0 00	0 00	1 33	393 40	295 01
Realisation of Assets	7 50	0 00	43 08	0 00	50 58	12,352 91	244 21
Creditors	0 00	0 00	1 12	0 00	1 12	264 48	236 86
Litigation	0 92	0 00	1 98	0 00	2 90	726 61	250 55
Rec & Pay	0 00	0 00	0 00	0 33	0 33	29 33	88 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0.00
Total Fees Claimed £	3,898 02	0 00	23,020 73	795 18		27,713 93	
Total Hours	13 23	0 00	98 15	6 85	118 23		
Average Rate	294 55	0 00	234 55	116 08			

Atherton Bailey**TIME & CHARGEOUT SUMMARIES**

From 17 Jul 2012 to 16 Jan 2013

Cheval Property Developments Limited

Administration

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	1 87	0 00	38 48	14 33	54 68	11,555 18	211 31
Realisation of Assets	2 08	0 00	14 08	0 07	16 23	4,003 56	246 63
Creditors	0 17	0 00	6 60	0 00	6 77	1,633 21	241 36
Litigation	1 17	0 00	5 20	0 00	6 37	1,592 21	250 08
Rec & Pay	0 00	0 00	0 00	3 33	3 33	304 34	91 31
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	1,558 61	0 00	15,448 10	2,081 79		19,088 50	
Total Hours	5 28	0 00	64 37	17 73	87 38		
Average Rate	295 00	0 00	240 00	117 40			

Atherton Bailey**TIME & CHARGEOUT SUMMARIES**

From 17 Jul 2012 to 16 Jan 2013

Cheval Property Developments Limited

LPA Receiver - Friar Street

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	0 10	0 00	9 65	2 33	12 08	2,702 77	223 67
Realisation of Assets	0 00	0 00	19 07	0 00	19 07	4,575 98	240 00
Creditors	0 00	0 00	0 77	0 00	0 77	183 98	239 99
Rec & Pay	0 00	0 00	0 00	0 08	0 08	7 50	90 04
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	29 50	0 00	7,076 05	364 68		7,470 23	
Total Hours	0 10	0 00	29 48	2 42	32 00		
Average Rate	295 00	0 00	240 00	150 90			

APPENDIX I

Cheval Property Developments Limited
(in Administration)

Administrators' Receipts and Payments Account
For the period 20 June 2011 to 30 January 2013

	£	£
<i>As per director's Statement of Affairs</i>		
RECEIPTS		
Trade Debtors	2 000 000 00	0 00
35 37 Friar Street Reading	500 000 00	21 320 08
Cash at Bank	49 085 00	145 000 00
Settlement of PII Claim		30 142 70
Rental Income		72 80
Bank Interest Received (Gross)		600 00
Valuation Recharge - Friar Street		24 971 93
Insurance Rent Friar Street		
	<u>2 549 085 00</u>	<u>222 107 51</u>
PAYMENTS		
Court Fees		155 00
Treasury Solicitor - London & Silver Developments LLP		300 00
CHAPS Payment Fee		15 00
Land Registry Fees		28 80
Travel & Subsistence		2 133 80
Printing Copying and Postage		180 02
Company Searches		376 80
Statutory Advertising		81 80
Bonding		1 560 00
Courier Charges		290 40
Insurance Works - Friar Street		976 80
Insurance Works - Seaton Heights		19 149 60
Property Agents Valuation - Thom Farm		2 814 00
Property Agents Valuation - Friar Street		2 400 00
Property Agents - Management Fees		3 480 00
Insurance Seaton Heights/Thom Farm		8 840 40
Insurance Friar Street		53 742 00
Legal & Professional Costs		34 925 00
Six Visit Seaton Heights		500 00
PII Claim South Sands		72 500 00
Traffic Consultant Fee		2 311 22
Planning & Development Consultancy		9 318 47
Corporation Tax		7 21
	<u>216 099 32</u>	<u>7 21</u>
Secured Creditor		0 00
DISTRIBUTIONS		
Preferential Dividends		0 00
Unsecured Distributions		0 00
Balance in insolvent estate account as at 30 January 2013 (Interest bearing account)		<u>58 011 19</u>

For the Period from 17 July 2012
to 16 January 2013

A	£
Brought forward	30 087 38
	15 899 83
	11 59
	7 799 17
	<u>53 787 99</u>
	28 80
	2 133 80
	180 02
	376 80
	81 80
	1 560 00
	600 00
	1 621 60
	20 988 00
	14 290 00
	200 00
	5 708 67
	7 21
	<u>47 786 80</u>
	<u>63 011 19</u>