

The Insolvency Act 1986

**Administrator's progress
report****2.24B**Name of Company
The Property Regeneration Company LimitedCompany Number
05870006In the
High Court of Justice
[full name of court]Court case number (For court use only)
21945 of 2009Insert full name(s) and
address(es) of the
administrator(s)We^(a)Philip J Long of PKF (UK) LLP, Farringdon Place, 20 Farringdon Road, London, EC1M 3AP
and

Stephen P Holgate of PKF (UK) LLP, Farringdon Place, 20 Farringdon Road, London, EC1M 3AP

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

(b) Insert dates

From

(b)
16 June 2010

To

(b)
15 December 2010

Signed


For the Joint Administrators

Dated

11 January 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

Philip J Long

Farringdon Place, 20 Farringdon Road, London, EC1M 3AP

Tel 020 7065 0000

DX Number

DX Exchange

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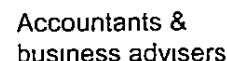
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COMPANIES HOUSE

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



Our ref SPH/SAJ/MSB/cl/4015694/2400

11 January 2011

Dear Sir/Madam

**The Property Regeneration Company Limited ('the Company')
In Administration
In the High Court of Justice No. 21945 of 2099**

Report to creditors pursuant to Rule 2 47 of the Insolvency Rules 1986

1 INTRODUCTION

1 1 In accordance with Rule 2 47 of the Insolvency Rules 1986 the Joint Administrators now present
their report on the progress of the administration of the Company

12 This report should be read in conjunction with our previous reports to creditors

2 STATUTORY INFORMATION

2 1	Company number	5870006
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2 2	Registered office	Farringdon Place 20 Farringdon Road London EC1M 3AP
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23	Appointment	P J Long and S P Holgate of PKF (UK) LLP, Farringdon Place, 20 Farringdon Road, London, EC1M 3AP
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2.4 Date of appointment 16 December 2009

Tel 020 7065 0000 | Fax 020 7065 0650

www.pkf.co.uk

PKF (UK) LLP | Farringdon Place | 20 Farringdon Road | London | EC1M 3AP | DX 479 London/Chancery Lane

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PKF (UK) LLP is a limited liability partnership registered in England and Wales with registered number OC310487

A list of members' names is open to inspection at Farringdon Place 20 Farringdon Road London EC1M 3AP, the principal place of business and registered office. PKF (UK) LLP is authorised and regulated by the Financial Services Authority for investment business activities. The PKF International Association is an association of legally independent firms.

- 2 5 Appointor The Governor and Company of the Bank of Ireland
Head Office, Lower Baggot Street, Dublin 2
- 2 6 Powers Any of the functions to be performed by the Administrators
may be carried out/exercised by any of them acting alone
or by either or all of them severally

3 RECEIPTS AND PAYMENTS ACCOUNT

- 3 1 We attach a copy of our receipts and payments account up to 15 December 2010, at Appendix
1

4 MANAGEMENT AND SALE OF BUSINESS

- 4 1 The sale of the business as a going concern was not considered appropriate at the time of our
appointment. It was felt that due to the stage the development had reached it would be more
beneficial to build out and to offer each unit for sale on the open market. With the secured
creditor, the Bank of Ireland (the "Bank"), providing financial support we have proceeded to
complete the development.

5 PROGRESS OF THE ADMINISTRATION AND MATTERS PREVENTING CLOSURE OF THE ADMINISTRATION

- 5 1 We have continued to build out the development using the existing contractor and surveyor and
are at practical completion. All construction and redevelopment work has been completed.
Some parts of the landscaping have yet to be finished, this is due to seasonal planting
requirements of certain shrubs and hedge planting. Our surveyor is continuing to liaise with the
main contractor concerning this and any final snagging issues.
- 5 2 In September 2010, with the development nearing practical completion, Phase Two was
launched. A decision was made to prepare one of the units, the Corner House, as a show
home and the services of a professional show home design company was used for this.
- 5 3 To promote the launch our estate agent held an open weekend in late September 2010 and
new photographs and brochures were commissioned.
- 5 4 Whilst there has been a good level of interest in the remaining residential properties since the
launch, no further sales have completed since our last report to creditors. We currently have
tentative offers on two of the unsold units. However, at present these properties will remain
available on the market. The offers made will remain confidential until sales are completed. We
liaise with our agents regularly and no offers will be accepted without our agents confirmation
that the offer represents fair market price.
- 5 5 An offer has been accepted on the Sow unit. Whilst it was the director's intention to seek
planning approval for this unit to be reclassified for residential use the director has not provided
us with the necessary documentation demonstrating that the company had taken the necessary
steps required for a successful application. Several parties had shown an interest in acquiring
the unit for commercial use and one offer has been pursued. Due to various planning issues,
this sale has yet to complete. However, we are hoping to resolve these issues to allow
contracts to exchange in the near future.
- 5 6 It is intended that the communal areas will be maintained by a management company
specifically incorporated for this purpose. This management company will be owned and run by
the proprietors of each unit. PKF Secretarial Services was instructed to incorporate a limited
company, namely New Barn Farm (Whitchurch) Limited. In due course a proprietor from each
unit will hold a share in this company and will be appointed a director.

- 5 7 Our surveyors have been obtaining tenders for various maintenance and groundwork contracts that will need implementing in due course. Few tenders have been received and this maybe due to the remoteness and size of the development. No service charges are being recharged to the proprietors at present as minimal costs are being incurred and the communal arrears are still held by the Company at present.
- 5 8 We are advised previously that one unit was sold by the Company in January 2009 for £175,000 and were concerned that the transaction may have constituted a Transaction at an Undervalue ('TAUV') pursuant to Section 238 of Insolvency Act 1986. Having made further enquiries as to the condition of the property at the time of the sale we are satisfied that no TAUV has occurred.
- 5 9 After taking into account the costs associated with the completion of the development and the repayment of the secured borrowing it is not expected that there will be sufficient monies to allow a dividend to any other class of creditor.
- 5 10 It is not expected that the sale of the remaining five residential properties will complete within the extended statutory period of the Administration process.
- 5 11 **Extension of the administration period**
- 5 11 1 In our last report to creditors, consent for an extension to the administration was requested and subsequently obtained. The administration has been extended for a further six months to 15 June 2011.
- 5 11 2 We currently expect that the asset realisations will be outstanding at this stage and a Court approved extension may be necessary.
- 6 **CREDITORS**
- 6 1 **Secured creditors**
- 6 1 1 The Bank has the benefit of a fixed and floating charge over the Company's assets. On 25 September 2009 the Bank issued a formal demand on the Company to repay £2,615,000 plus interest which remained outstanding at the date of our appointment.
- 6 1 2 During the first 12 months of our appointment the Bank has advanced the Joint Administrators £928,562 to meet the ongoing building costs. This amount includes the £25,000 used for a ransom payment.
- 6 1 3 The sum of £1,509,076.28 has been paid to the Bank following the sale of 3 units (Dutch Barn 1, The Byre and The Cowshed), this is net of associated legal and estate agent costs. There have been no further completed sales since our last report.
- 6 1 4 The above receipts and payments are reflected in the attached account.
- 6 2 **Preferential creditors**
- 6 2 1 There are to date no preferential creditors. Whilst the Administrators are aware of one possible employee no claim has been made under ERA 1996.

6 3 Prescribed part

6 3 1 Section 176(A) of the Insolvency Act 1986 requires the administrators to set aside a prescribed amount of the Company's 'net property' towards satisfaction of holders of debentures secured by, or holders of any floating charge created by the Company after 15 September 2008

6 3 2 The floating charge was granted in favour of Bank of Ireland after 15 September 2003 therefore, the prescribed part provisions apply. However, after the provision of realisation costs, we do not expect funds to be available to be set aside for the prescribed part

6 4 Unsecured creditors

6 4 1 Unsecured creditors of the Company are currently estimated to total £1 237m per the director's statement of affairs. Claims totalling £230,163 have been received to date

6 4 2 We currently anticipate that there will be insufficient realisations to enable a distribution to the unsecured creditors of the Company

7 OTHER MATTERS

7 1 The Joint Administrators have complied with all regulatory and statutory requirements under the Insolvency Act 1986 and the Company Directors Disqualification Act 1986

8 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

8 1 At the meeting of creditors on 24 February 2010, a resolution was passed to allow the Joint Administrators to be remunerated on a time cost basis

8 2 From 16 December 2009 to 15 June 2010 the Joint Administrators have incurred time costs of £86,478 at an average charge out rate of £287 per hour. The time costs are detailed at Appendix II. As at the time of reporting, no remuneration has been drawn by the Administrators

8 3 Please note that it is common with most professional service firms, including PKF (UK) LLP, for charge out rates to change from time to time. The rates/costs reflect a number of such changes over the period of the administration, none of which is individually material

8 4 Disbursements during this same period total £1,125 84, none of which has been repaid. The disbursements incurred to date are detailed as follows

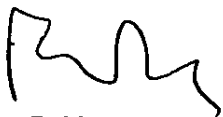
Disbursements	Category 1 £	Category 2 £
Room hire		65 00
Bonds	36 00	
Travel	69 00	
Postage	118 89	
Company formation	100 11	
Advertising	489 32	
Courier	210 00	
Company search fees	29 52	
Land Registry	8 00	
	<u>1,060 84</u>	<u>65 00</u>

8 5 Our firm's disbursements are charged on the basis of costs incurred or costs generally charged to clients for such services (which are approximate to cost and do not include any overhead recovery)

- 8 6 Category 1 disbursements are those which generally comprise external supplies of incidental services specifically identifiable to the client. Category 2 disbursements are generally services supplied internally and require the approval of creditors. Approval to take Category 2 disbursements was given in the first meeting of creditors on 24 February 2010.
- 8 7 A creditors guide to fees, which provides information regarding creditors' rights in relation to insolvency practitioners' fees can be obtained by visiting our website at www.pkf.co.uk/cgkf. Alternatively a copy can be sent upon request.
- 8 8 Any unsecured creditor with the concurrence of at least 5% in value of the total unsecured creditors (including the value of their own claim) or with the permission of the court, or any secured creditor may make a formal request in writing to the administrator(s) for further information about the remuneration or expenses (other than pre-administration costs) set out in this report. Such a request must be made within 21 days from the date of receipt of this progress report.
- 8 9 Whilst no remuneration has been drawn by the Administrators at present, creditors should be aware that if they believe that the Administrators remuneration is, in the circumstances excessive or inappropriate they may apply to the court under the provisions of Rule 2.109 of the Insolvency Rules 1986. Such application may be made by a secured creditor or any unsecured creditor, the latter requiring the concurrent of 10% of the total unsecured creditors (including their own claim) or the permission of the court.
- 9 COMPLETION OF ADMINISTRATION**
- 9 1 The Joint Administrators will complete the final stage of the development and market the properties. Whilst there has been much interest in the development it is uncertain whether the sales will be completed within the extended statutory term of the administration.
- 9 2 The extended statutory term of the administration ends on 15 June 2011 and if necessary the Administrators will seek a further extension to the term of the administration via a Court application. Creditors will be advised accordingly.
- 9 3 On completion of the matters preventing closure, it is anticipated that the Joint Administrators will exit the administration via a dissolution of the Company. It is not anticipated that there will be sufficient realisations to enable the payment of a distribution to any unsecured creditors.

Should you have any queries please do not hesitate to contact Melanie Bishop of this office.

Yours faithfully



P J Long
Joint Administrator

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Appendix I

The Property Regeneration Company Limited (In Administration)

Joint Administrators' Receipts and Payments Account

	Statement of affairs £	From 16/06/2010 to 15/12/2010 £	From 16/12/2009 to 15/12/2010 £
RECEIPTS			
New Barn Farm Buildings	Uncertain	0 00	1,558,854 25
Bank advance for New Barn Farm	-	160,844 34	928,561 42
Bank interest net	-	9 41	23 72
		<u>160,853 75</u>	<u>2,487,439 39</u>
PAYMENTS			
Contractor costs - Zone Developments		123,222 70	795,052 66
Legal & professional costs		16,716 01	36,193 26
Insurance		12,040 19	24,657 87
Utilities		352 69	352 69
Ransom Payments		0 00	25,000 00
Legal & professional costs		0 00	42,381 16
Bank of Ireland		0 00	1,509,076 28
Non-reclaimable VAT		0 00	3,427 81
VAT Receivable		10,111 42	51,258 29
		<u>162,443 01</u>	<u>2,487,400 02</u>
Balance in hand as at 15 December 2010			<u>39 37</u> <u>2,487,439 39</u>

Appendix II

SIP9 Analysis of OfficeHolders Timecosts 16/12/2009 to 15/12/2010

Client: 4016442 Property Regeneration Company Limited

Grade	Partner / Director	Manager		Supervisor / Senior Administrator		Administrator / Assistant		Total			
		Amount (£)	Hours	Amount (£)	Hours	Amount (£)	Hours				
Average Cost per hour	£382 to £495	£239 to £347		£193 to £209		£97 to £175		£287.72			
Tasks		Amount (£)	Hours	Amount (£)	Hours	Amount (£)	Hours	Amount (£)	Hours		
Partner/Senior Manager Review		2,397 30	4 85	986 70	3 30	0 00	0 00	3,384 00	8 15		
Planning & Monitoring		0 00	0 00	3,061 64	10 44	540 40	2 80	3,602 04	13 24		
Cashiering Function Generally		247 50	0 50	3,166 61	10 73	704 45	3 65	4,276 96	16 23		
Office Holders Tax Liabilities		0 00	0 00	1,839 27	6 22	209 00	1 00	2,048 27	7 22		
CDDA 1986 Work		0 00	0 00	7,665 96	25 88	0 00	0 00	7,665 96	25 88		
Secured Creditors (reporting/accounting for funds, etc)		0 00	0 00	2,712 05	8 95	0 00	0 00	2,712 05	8 95		
Non Preferential Creditors		0 00	0 00	3,179 20	10 80	171 20	0 90	3,350 40	11 70		
Fixed Asset Realisation		0 00	0 00	34,469 84	116 00	337 75	1 75	34,807 59	117 75		
Post Appointment Trading		0 00	0 00	810 65	2 75	0 00	0 00	810 65	2 75		
Insurance & Bonding		0 00	0 00	5,054 54	17 22	0 00	0 00	5,054 54	17 22		
Legal Correspondence/Litigation		0 00	0 00	2,240 27	7 61	0 00	0 00	2,240 27	7 61		
General Administration		0 00	0 00	1,050 40	3 60	48 25	0 25	1,161 15	5 10		
Statutory Compliance (including CRO returns and lodgen		0 00	0 00	6,585 20	22 40	0 00	0 00	6,585 20	22 40		
Pension schemes		0 00	0 00	59 80	0 20	0 00	0 00	59 80	0 20		
Liasing with Agents/Solicitors/Other Professionals		0 00	0 00	2,578 09	8 83	0 00	0 00	2,578 09	8 83		
Annual/Periodic Reporting/Meeting (ie S48 or S105)		0 00	0 00	5,192 88	17 68	0 00	0 00	5,192 88	17 68		
Secretarial		0 00	0 00	0 00	0 00	0 00	0 00	905 00	9 50		
ROT Claims		0 00	0 00	43 65	0 15	0 00	0 00	43 65	0 15		
		2,644 80	5 35	80,696 75	272 76	2,011 05	10 35	1,125 90	12 10	86,478 50	300 56