



# Grant Thornton

Our Ref TOS/NZM/JAN/LHC/Z15000/A  
Your Ref Roebuck House

Ms Ann Greaves  
Legal Services Manager Property  
Southampton City Council  
Ground Floor Civic Centre  
Civic Centre Road  
SOUTHAMPTON  
SO15 7LS

#### Recovery and Reorganisation

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18 January 2012

Dear Ms Greaves

### **Zazen Developments Limited - In Administration (the Company)**

I write in connection with the Section 106 agreement in respect of Roebuck House, Southampton which is owned by the above company and your recent communications with Lizzy Crabb of Grant Thornton UK LLP.

As you are aware my colleagues in Southampton, acting on my behalf in my capacity as joint administrator, were in discussions with Southampton City Council (the Council) regarding the unpaid Affordable Housing Contribution relating to Roebuck House. These discussions took place in 2010 and an offer was made to the Council to settle the outstanding liability by way of monthly instalments of £3,000 commencing October 2010. This offer was accepted and a deed of variation was drafted but unfortunately not finalised. I note that the failure to finalise this document was not due to the Council and no payments have been made to settle this liability.

In recent communications with Lizzy Crabb, you confirmed that the payment now required is £205,891 (based upon a formula index linked against RPI) and that this amount is guaranteed if paid by 31 January 2012. Unfortunately, due to the nature of this case, I do not have sufficient funds to settle the liability in full immediately. However, I expect to be able to settle this amount over an extended period using future income derived from the property. Therefore, I propose the following terms for settling the liability:

- £205,891 to be crystallised as the amount outstanding in full and no further amounts added in respect of interest or index linking against RPI
- payments of £3,000 to be made monthly in line with the original discussions in 2010
- an initial catch-up payment of £48,000 to be made by the end of January 2012, representing 16 payments for October 2010 to January 2012 inclusive
- a further 52 monthly payments of £3,000 commencing February 2012 followed by a final payment of £1,891 to settle the balance of £157,891 after making the initial catch-up payment
- in the event that the property is sold before the full amount has been paid, any balance will be settled from the sale proceeds.

#### Chartered Accountants

Member firm within Grant Thornton International Ltd

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I trust the above offer will be acceptable to the Council and in the event that it is accepted, I will instruct my solicitors immediately to submit a marked up copy of the original deed of variation reflecting the above offer.

Yours sincerely  
for and on behalf of Zazen Developments Limited



PP Trevor O'Sullivan  
Joint Administrator

The affairs, business and property of Zazen Developments Limited are being managed by Trevor O'Sullivan, appointed as joint administrator on 19 December 2008 and Nigel Morrison, appointed as joint administrator on 8 December 2009.