

The Insolvency Act 1986

2.24B**Administrator's progress report**

Name of Company Magnum Gatwick Nominee 2 Ltd	Company number 04290060
In the Bristol County Court [full name of court]	Court case number 595 of 2011

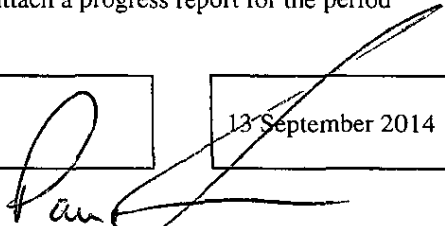
We
Paul Andrew Flint
KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

Brian Green
St James' Square
Manchester
M2 6DS

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

from	to
14 March 2014	13 September 2014

Signed


Joint Administrator

Dated

4 October 2014

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.

Gareth Upton KPMG LLP St James' Square Manchester M2 6DS United Kingdom DX Number DX 724620 Manchester 42		Tel DX Exchange
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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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13/10/2014
COMPANIES HOUSE

MONDAY



**Magnum Gatwick Nominee 2 Limited
(in Administration)**

**Report to creditors pursuant
to Paragraph 2.47 of the
Insolvency (Amendment)
Rules 2003**

KPMG LLP

4 October 2014

This report contains 10 pages

Appendices contains 6 pages

PF/VM/GU



About this Report

This Report has been prepared by Paul Flint and Brian Green, the Joint Administrators of Magnum Gatwick Nominee 2 Limited (in Administration), 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 Magnum Gatwick Nominee 2 Limited (in Administration).

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 their 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.

Paul Flint and Brian Green are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of England and Wales.

The Joint Administrators act as agents for Magnum Gatwick Nominee 2 Limited (in Administration) 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.

All figures contained within this report, unless otherwise stated, are net of VAT.



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1 Glossary

Act	Insolvency Act 1986
Administration	The Administration Order was made on 13 May 2011 in High Court, Bristol District Registry, Court number 595 of 2011 application by Court
Company	Magnum Gatwick Nominee 2 Limited (in Administration)
EC Regulations	Council Regulations (EC) No 1346/2000
FY	Financial year
HMRC	HM Revenue & Customs
Hotel	Hotel at Tinsley Lane South, Three Bridges, Crawley
Joint Administrators	Paul Andrew Flint and Brian Green of KPMG LLP
Knight Frank	Knight Frank LLP
Lenders	Nationwide Building Society and Britannia Building Society
Managing Agents / BDL	BDL Management Two Limited
Sandman	Sandman Hotel Group (UK) Limited / Northland Properties Holdings I (Barbados) Corporation
SIP	Statement of Insolvency Practice
Solicitors	Burges Salmon LLP
SPV	Special Purpose Vehicle
Valuation Agents	Michels and Taylor Limited / GVA Grimley Limited
VAT	Value added tax



2 **Executive summary**

- This progress report covers the period from 14 March 2014 to 13 September 2014
- The Joint Administrators' Statement of Proposals was deemed approved on 16 July 2011 pursuant to Rule 2 33 (5A) of the Insolvency Rules 1986 (as amended) and has not been modified
- Magnum Gatwick Nominee 2 Limited (the "Company") was part of a corporate investment structure set up by Strategic Investment Management Partnerships in August 2006. SI Hotel Investments Limited ("SIHIL") purchased three hotels from Jarvis Hotels Limited in August 2006 under a sale and leaseback agreement. The hotels were dual branded Ramada and Jarvis and are located at Gatwick, Hatfield and Sutton Coldfield (Penns Hall)
- Two nominee companies were set up for each hotel. The Company owned 50% of the legal title to the Gatwick hotel, with the beneficial title being held further up the structure by a separate company
- As outlined in the previous progress reports, the Joint Administrators engaged BDL, a third party management company to manage the trading of the Hotel prior to the sale on 23 September 2013
- The Joint Administrators engaged Knight Frank to market the property, and a sale of the Hotel was completed to Sandman on 23 September 2013 for a consideration of £6.3 million comprising of £5.6 million for the leasehold jointly owned by the two nominee companies and £0.7 million for the business and assets owned by Gatwick Hotel Limited, an SPV set up to manage trading of the Hotel on behalf of the legal owners.
- To date, no unsecured creditors have presented a claim to the Joint Administrators and no claims are anticipated
- Full details of the Joint Administrators' progress report are attached together with all the relevant statutory information included by way of the Appendices. Please note that unless stated otherwise all amounts in this report and its attachments are stated net of VAT
- On 16 April 2014, the Joint Administrators were granted a further one year extension of the Administration until 13 May 2015 by consent of the Court in order to allow time to maximise realisations for the Company's creditors

Yours faithfully

Brian Green
Joint Administrator



3 Statement of proposals and meeting of creditors

The Joint Administrators' Statement of Proposals was circulated on 6 July 2011

Pursuant to Paragraph 52 (1)(b) of Schedule B1 to the Insolvency Act 1986 a creditors' meeting was not convened and one was not subsequently requisitioned. As a result the Statement of Proposals, as circulated, was deemed to have been approved on 16 July 2011 pursuant to Rule 2 33 (5A)

4 Progress to date

4.1 Strategy/sale of the Company's assets

As previously reported the Hotel has been traded since appointment via Gatwick Hotel Limited, an SPV set up to manage trading of the Hotel on behalf of the legal owners, Magnum Gatwick Nominee 1 Limited and Magnum Gatwick Nominee 2 Limited

The Joint Administrators engaged Knight Frank to market the property, and a sale of the Hotel was completed to Sandman on 23 September 2013 for a consideration of £6,265,092 comprising of £5,550,000 for the leasehold property jointly owned by the two nominee companies and £715,092 for the business and assets owned by Gatwick Hotel Limited, an SPV set up to manage trading of the Hotel on behalf of the legal owners

The vehicles used by Sandman to complete the purchase were Sandman Hotel Group (UK) Limited and Northland Properties Holdings I (Barbados) Corporation.

Gatwick Hotel Limited is in the process of being wound down by BDL on behalf of the Joint Administrators

4.2 Communication

The Joint Administrators wrote to all known creditors on 15 May 2011 advising them of their appointment

Following this, the Joint Administrators' Statement of Proposals was circulated to all creditors of the Company on 6 July 2011

The Joint Administrators intend to conclude the Administration within the one year extension period. Assuming that this is successful, a further progress report will be provided to creditors in April 2015. The Joint Administrators' proposals are expected to have been completed by that time

4 3 Assets

4.3.1 Leasehold property

As reported above, the leasehold property was sold on 23 September 2013 following a period of marketing for a consideration of £5,550,000. The two nominee companies each own 50% of the legal title to the Hotel and as such, have both received £2,775,000

4.4 Liabilities

4.4.1 Secured creditors

The Lenders hold a charge over the fixed and floating assets of the Company. The Lenders' indebtedness on appointment was £58,426,176, consisting of loans totalling £57,308,028 and interest and fees amounting to £1,118,148. This indebtedness represents loans against the leasehold property and two other leasehold hotels owned by associated companies. Valuations indicate that a disposal of the assets in the present market would raise insufficient funds to repay the Lenders' debt in full.

An interim distribution of £5,100,000 was made to the Lenders in November 2013 from the proceeds of the sale of the Hotel with each nominee company making a payment of £2,550,000.

A further interim distribution of £400,000 was made to the Lenders in March 2014 directly by Gatwick Hotel Limited from the sale proceeds of its business and assets. As such, it is not included within the figures in Appendix 2.

4.4.2 Preferential creditors

The Company has no employees and as such the Joint Administrators do not anticipate any preferential creditors.

4.4.3 Prescribed Part

The EC Regulation on Insolvency Proceedings 2000 will apply in this matter and these proceedings will be the main proceedings as defined in Article 3 of the EC Regulation. The Company's registered office and centre of main interests are in the United Kingdom.

In accordance with Section 176A of the Act, a prescribed part will be made available to unsecured creditors should floating charge realisations be sufficient, on the basis that the floating charge in favour of the Lenders was created after 15 September 2003.

At this stage, the quantum and timing of any prescribed part payment is unknown, but it should be noted that the Joint Administrators do not anticipate claims from unsecured creditors and as such do not expect to make a prescribed part payment.

4.4.4 Unsecured creditors

The Joint Administrators have not received any claims from unsecured creditors to date and none are anticipated as the Company was dormant at the time of the Administration.

4.5 Expenses for the period

4.5.1 Receipts and payments

The receipts and payments for the period are set out at Appendix 2.



4.5.2 Office holders remuneration

A detailed analysis of time spent, and charge out rates, for each grade of staff for the various areas of work carried out, in accordance with the provisions of SIP 9, is included in Appendix 3.

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 statutory provisions relating to remuneration are set out in Rule 2.106 of the Rules.

A creditors' guide to Administrators' fees can be found at

http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20E&W.pdf

However, if you are unable to access this guide and would like a copy please contact Gareth Upton at KPMG LLP, St James' Square, Manchester, M2 6DS.

The Joint Administrators proposed that their remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration at their normal hourly rate of charging.

Under Rule 2.106 of the Rules, where the Administrator has made a statement under Paragraph 52(1)(b) of Schedule B1 of the Act that, on the basis that there will be no surplus available to creditors, there will be no meeting of creditors convened then the proposals relating to Administrators' remuneration shall be taken as passed if passed with the approval of each secured creditor of the Company, and also the approval of the preferential creditors (whose debt amounts to more than 50% of the total preferential debt) where the Administrator intends to make a preferential distribution.

The Company had no employees and no preferential creditors have been identified, therefore approval was sought and has been received from the secured creditors prior to fees being drawn by the Administrators.

Additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 2.48A of the Insolvency Rules 1986. This request must be made within 21 days of receipt of this report. The full text of that rule can be provided on request.

In addition, creditors are reminded that the quantum of any fees drawn can be challenged by unsecured creditor(s) with at least 10% in value including that creditors claim by making an application to court in accordance with Rule 2.109 of the Insolvency Rules 1986. The full text of this rule can also be provided on request.

The Company is part of the a group of six nominee companies set up by SI Hotel Investments Limited ("SIHIL") in relation to the three Ramada hotels at Gatwick,



Hatfield and Sutton Coldfield (Penns Hall) Following a recent analysis of time costs we have adjusted certain of the brought forward time cost figures to reflect that most of the recent work is in respect of the Sutton Coldfield cases

The office holders' time costs for the period of this report are shown at Appendix 3. This shows that in the period from 14 March 2014 to 13 September 2014 we have incurred time costs of £4,816 representing 16 hours at an average hourly rate of £295. This includes work undertaken in respect of tax and VAT advice from KPMG LLP in-house specialists.

The Joint Administrators' expenses for the Period are nil, such that the total since the outset of the Administration remains at £1,448.

Fees of £22,400 have been drawn to date against total time costs of £104,782. No fees have been drawn in the current period.

4.5.3 Expenses for the period

Expenses for this period total £6,100 including amounts not yet paid (see Appendix 4 for details).

Details of the amount accrued for the office holder's remuneration is discussed above and other amounts that require explanation are dealt with in the detail below. Additional information about expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed. Full details of the process to obtain more information under Rule 2.48A of the Insolvency Rules 1986 and to challenge the Joint Administrator's remuneration and expenses under Rule 2.109 of the Insolvency Rules 1986 are explained above.

5 Outstanding matters

5.1 Extension of the Administration

On 16 April 2014, the Joint Administrators were granted a further one year extension of the Administration until 13 May 2015 by consent of the Court in order to allow time to maximise realisations for the Company's creditors.

6 Comments on the appendices

6.1 Appendix 1: Statutory Information

Information to creditors required by statute is contained at Appendix 1 to this report.



6.2 **Appendix 2: Receipts & payments account for the period 14 March 2014 to 13 September 2014**

An analysis of receipts and payments for the period 14 March 2014 to 13 September 2014 is attached at Appendix 2

6.2.1 **Receipts**

6.2.1.1 ***Leasehold property***

As reported above, the leasehold property was sold on 23 September 2013 following a period of marketing for a consideration of £5,550,000. The two nominee companies each own 50% of the legal title to the Hotel and as such, have both received £2,775,000

6.2.1.2 ***Bank interest***

Bank interest of £129 was received in the period.

6.2.2 **Payments**

6.2.2.1 ***Legal fees***

Legal fees of £1,250 were paid in the period in relation to the extension of the Administration.

6.2.2.2 ***Legal disbursements***

A total of £35 was paid in the period in relation to the extension of the Administration.

6.3 **Appendix 3: Analysis of office holders' time costs**

An analysis of the Joint Administrators' time costs for the period 14 March 2014 to 13 September 2014 is shown in Appendix 3. These total £4,816 bringing total time costs incurred since the outset of the Administration to £104,782

In the period 14 March 2014 to 13 September 2014, the Joint Administrators have carried out the following activities

- a total of £3,138 has been incurred with regards to corporation tax and VAT returns, and,
- a total of £427 has been incurred liaising with the secured creditor in respect of their claim and producing statutory reports to creditors

6.4 **Appendix 4: Schedule of expenses for the period**

Expenses for this period total £6,100 of which £1,285 has been paid in the period and £4,815 is accrued



Appendix 1

Statutory Information

Appointment	
For period	14 March 2014 to 13 September 2014
Company name	Magnum Gatwick Nominee 2 Limited
Nature of business	Property holding company
Court details	The Administration Order was made on 13 May 2011 in High Court, Bristol District Registry, Court number 595 of 2011 application by Court
Date of appointment	13 May 2011
Extension obtained	Extension granted to 13 May 2015, by order of High Court, Bristol District Registry on 16 April 2014
Office holder details	<p>Paul Flint was appointed on 13 May 2011 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales</p> <p>Brian Green was appointed on 13 May 2011 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales</p>
Registered number	04290060
Present registered office	<p>KPMG LLP</p> <p>St James' Square Manchester M2 6DS</p>
Basis of remuneration	Time costs
Fee resolution date	1 November 2011



Appendix 2

Receipts & payments account for the period 14 March 2014 to 13 September 2014.

Magnum Gatwick Nominee 2 Ltd (In Administration) Administrators' Abstract of Receipts & Payments		
Statement of Affairs	From 14/03/2014 To 13/09/2014	From 13/05/2011 To 13/09/2014
ASSET REALISATIONS		
Leasehold property	NIL	2,775,000.00
Rent	NIL	53,500.00
	<u>NIL</u>	<u>2,828,500.00</u>
OTHER REALISATIONS		
Bank interest gross	NIL	26.43
Bank interest, net of tax	128.59	189.87
	<u>128.59</u>	<u>216.30</u>
COST OF REALISATIONS		
Administrators' fees	NIL	22,400.00
Administrators' expenses	NIL	1,304.15
Agents/Auditors' fees	NIL	70,262.50
Legal fees	1,250.00	43,159.78
Legal disbursements	35.00	1,514.82
Statutory advertising	NIL	67.50
Bank charges	NIL	20.00
	<u>(1,285.00)</u>	<u>(138,728.75)</u>
FLOATING CHARGE CREDITORS		
Floating charge	NIL	2,550,000.00
	<u>NIL</u>	<u>(2,550,000.00)</u>
	<u>(1,156.41)</u>	<u>139,987.55</u>
REPRESENTED BY		
Floating ch. VAT rec'able		27,702.73
Floating charge current		139,769.82
Floating ch. VAT payable		(10,700.00)
Floating ch. VAT control		(16,785.00)
		<u>139,987.55</u>



Appendix 3

Analysis of Joint Administrators' time costs, disbursements and charge out rates for the period 14 March 2014 to 13 September 2014

Case name: Magnum Gatwick Nominee 2 Ltd
Appointment date: 13/05/2011
14/03/2014 to 13/09/2014

	Partner / Director	Manager	Administrator	Total hours	Time cost	Average hourly rate
Administration & planning						
Cashiering						
General (Cashiering)			3.70	3.70	£749.50	£202.57
Reconciliations (& IPS accounting reviews)			0.50	0.50	£111.50	£223.00
Statutory and compliance						
Checklist & reviews			2.00	2.00	£390.00	£195.00
Tax						
Post appointment corporation tax		6.75		6.75	£2,886.75	£427.67
Post appointment VAT		0.40	0.50	0.90	£251.50	£279.44
Creditors						
Statutory reports	0.30	0.20	2.00	2.50	£426.50	£170.60
Total in period				16.35	£4,815.75	£294.54
Brought forward time (appointment date to SIP9 period start date)				347.97	£99,965.95	
SIP9 period time (SIP9 period start date to SIP9 period end date)				16.35	£4,815.75	
Carry forward time (appointment date to SIP9 period end date)				364.32	£104,781.70	

Note: All staff who have worked on this assignment, including secretaries and cashiers, 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 directly charged to the assignment but is reflected in the general level of charge out rates.



Magnum Gatwick Nominee 2 Limited (in Administration)
Report to creditors pursuant to Paragraph 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
4 October 2014

Charge out rates to 30 September 2012

Grade	Rate per hour
	£
Partner	535
Associate Partner	460
Director	460
Senior Manager	425
Manager	345
Assistant Manager	240
Assistant	175
Support	110

Charge out rates from 1 October 2012 to 30 September 2013

Grade	Rate per hour
	£
Partner	565
Associate Partner	485
Director	485
Senior Manager	450
Manager	365
Assistant Manager	250
Assistant	185
Support	115

Charge out rates from 1 October 2013 to 30 September 2014

Grade	Rate per hour
	£
Partner	565
Associate Partner	485
Director	485
Senior Manager	475
Manager	385
Assistant Manager	265
Assistant	195
Support	115

Category 1 expenses incurred

Expense	Amount b/f	Incurred in the period	Amount c/f
Train costs	1,227	-	1,227
Other transportation costs	94	-	94
Telephone	94	-	94
Other	33	-	33
Total	£1,448	-	£1,448



Category 2 expenses incurred

Expense	Amount b/f	Incurred in the period	Amount c/f
Car mileage	-	-	-
Total	-	-	-

KPMG Restructuring policy for the recovery of disbursements

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

- **Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.
- **Category 2 disbursements** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Any disbursements paid from the estate are disclosed within the attached summary of disbursements.

The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile
- Use of company car – 60p per mile
- Use of partner's car – 60p per mile

For all of the above car types, when carrying passengers an additional 5p per mile per passenger will also be charged where appropriate.



Appendix 4

Schedule of expenses for the period – Period 14 March 2014 to 13 September 2014

Section	Account	Accrued	Paid	Undisclosed in prior	Total
Cost of realisations	Legal fees	-	1,250	-	1,250
	Joint Administrators' Fees	4,815	-	-	4,815
	Legal disbursements	-	35	-	35
		<u>4,815</u>	<u>1,285</u>	<u>-</u>	<u>6,100</u>
Total		<u>4,815</u>	<u>1,285</u>	<u>-</u>	<u>6,100</u>

Creditors are reminded that any additional information can be requested subject to the conditions set out in section 4 5 2