

The Insolvency Act 1986

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

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

I/We (a)

Paul Andrew Flint
KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Brian Green
KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates

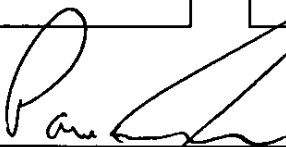
from

to

(b) 14 September 2014

(b) 13 March 2015

Signed


Joint Administrator

Dated

31 March 2015

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
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1 St Peter's Square
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Companies House receipt date barcode

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Companies House, Crown Way, Cardiff CF14 3UZ

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

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

KPMG LLP

27 March 2015

This report contains 17 pages

PF/GU/NN



Magnum Gatwick Nominee 2 Limited (in Administration)
Report to creditors pursuant to Paragraph 2 47 of the Insolvency (Amendment) Rules
2003

KPMG LLP
27 March 2015

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 Agent / BDL	BDL Management Two Limited
Sandman	Sandman Hotel Group (UK) Limited / Northland Properties Holdings I (Barbados) Corporation
SIHIL	SI Hotel Investments Limited
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 September 2014 to 13 March 2015 (the "Period")
- 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)
- 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 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 the 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
- There are a number of outstanding matters to be completed before the Joint Administrators can exit the Administration. These include processing a final distribution to the Lenders, settling any outstanding costs and obtaining the final VAT and tax clearances. Upon completion of the outstanding matters, the Joint Administrators will then take steps to exit the Administration, after which the Company will be dissolved



Paul Flint
Joint Administrator



3 Progress to date

3.1 Strategy/sale of the Company's assets

As previously reported the Hotel was traded following appointment via Gatwick Hotel Limited, an SPV set up to manage the 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 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 the 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 This process is still ongoing

3.2 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

A final progress report will be provided to creditors shortly after the Administration has ended

3.3 Assets

3.3 1 Leasehold property

As reported above, the leasehold property was sold on 23 September 2013 following a period of marketing for 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.

3.4 Liabilities

3 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 remaining 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 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.

In the Period a second interim distribution of £112,500 was made to the Lenders in October 2014, bringing total distributions to the Lenders to £2,662,500.

3.4.2 Preferential creditors

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

3.4.3 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.

The Joint Administrators have not received any claims from unsecured creditors and do not anticipate any future such claims. As such no payments under the prescribed part are expected to be made.

3.4.4 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.

3.5 Expenses for the period

3.5.1 Receipts and payments

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

3.5.2 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, One St Peter's Square, Manchester, M2 3AE

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 an analysis of time costs in the prior period 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 September 2014 to 13 March 2015 we have incurred time costs of £5,680 representing 20 hours at an average hourly rate of £288. This includes work undertaken in respect of tax and VAT advice from KPMG LLP in-house specialists.

The Joint Administrators' Category 1 and 2 expenses for the Period are £47, with the total since the outset of the Administration remaining at £1,495.



Fees of £99,774 have been drawn to date, £77,374 of which have been drawn in the Period

3.5.3 Expenses for the period

Expenses for this period total £5,747 including amounts not yet paid (see Appendix 4 for details)

Details of the amount accrued for the office holders' 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 holders 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 Administrators' remuneration and expenses under Rule 2.109 of the Insolvency Rules 1986 are explained above.

4 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.

5 Outstanding matters

The Joint Administrators are still dealing with a number of issues in respect of the Administration and the Joint Administrators' proposals are yet to be fully completed.

These include but are not limited to the following:

- final distribution of funds to the Lenders,
- settlement of outstanding costs, and
- obtaining final VAT and tax clearances

The Joint Administrators are confident that the above matters will be completed prior to the revised automatic end of the Administration. As such the necessary steps are being undertaken to conclude the Administration as soon as possible and prior to that date.



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

An analysis of receipts and payments for the period 14 September 2014 to 13 March 2015 is attached at Appendix 2.

6.2.1 Receipts

6.2.1.1 *Payment from HGL*

A total of £70,000 has been received from Hotel Gatwick Limited in relation to the wind down of the SPV

6.2.1.2 *Bank interest*

Bank interest of £109 was received in the period

6.2.2 Payments

6.2.2.1 *Floating charge*

As set out in 3.4.1 a total of £112,500 has been distributed to the Lenders in the Period.

6.2.2.2 *Administrators' fees*

The Joint Administrators have drawn fees of £77,374 in the period

6.2.2.3 *Administrators' expenses*

The Joint Administrators have drawn a total of £143 in relation to expenses incurred in prior periods

6.2.2.4 *Bank charges*

Bank charges totalled £20 in the period

6.3 Appendix 3: Analysis of office holders' time costs

An analysis of the Joint Administrators' time costs for the period 14 September 2014 to 13 March 2015 is shown in Appendix 3. These total £5,680 bringing total time costs incurred since the outset of the Administration to £110,653.

In the Period, the Joint Administrators have carried out the following activities

- a total of £1,324 in time costs has been incurred in relation to statutory and compliance matters related to the Administration,



- a total of £401 has been incurred with regards to post appointment VAT,
- a total of £2,146 has been incurred with regards to communication and correspondence with creditors.

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

Expenses for this period total £5,747, of which £20 has been paid in the period and £5,727 is accrued



Appendix 1

Statutory Information

Appointment	
For period	14 September 2014 to 13 March 2015
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	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 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
Registered number	04290060
Present registered office	KPMG LLP One St Peter's Square Manchester M2 3AE
Basis of remuneration	Time costs
Fee resolution date	1 November 2011



Appendix 2

Receipts & payments account for the period 14 September 2014 to 13 March 2015

Magnum Gatwick Nominee 2 Ltd
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 14/09/2014 To 13/03/2015	From 13/05/2011 To 13/03/2015
ASSET REALISATIONS		
Leasehold property	NIL	2,775,000 00
Payment from HGL	70,000 00	70,000 00
Rent	NIL	53,500 00
	<u>70,000 00</u>	<u>2,898,500 00</u>
OTHER REALISATIONS		
Bank interest, gross	27 94	54 37
Bank interest, net of tax	80 92	270 79
	<u>108 86</u>	<u>325 16</u>
COST OF REALISATIONS		
Administrators' fees	77,374 36	99,774 36
Administrators' expenses	142 64	1,446 79
Agents'/Valuers' fees	NIL	70,262 50
Legal fees	NIL	43,159 78
Legal disbursements	NIL	1,514 82
Statutory advertising	NIL	67 50
Bank charges	20 00	40 00
	<u>(77,537 00)</u>	<u>(216,265 75)</u>
FLOATING CHARGE CREDITORS		
Floating charge	112,500 00	2,662,500 00
	<u>(112,500 00)</u>	<u>(2,662,500 00)</u>
	<u>(119,928 14)</u>	<u>20,059 41</u>
REPRESENTED BY		
Floating ch. VAT rec'able		15,750 80
Floating charge current		4,338 28
Floating ch. VAT control		(29 67)
		<u>20,059 41</u>



Magnum Gatwick Nominee 2 Limited (in Administration)
Report to creditors pursuant to Paragraph 2 47 of the Insolvency (Amendment) Rules
2003
KPMG LLP
27 March 2015

Appendix 3

Analysis of Joint Administrators' time costs, disbursements and charge out rates for the period 14 September 2014 to 13 March 2015

Magnum Gatwick Nominee 2 Ltd
Time Costs from 14/09/2014 to 13/03/2015

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)			5 25		5 25	£1,082 25	£206 14
Reconciliations (& IPS accounting reviews)			0 20		0 20	£41 00	£205 00
General							
Fees and WIP	0 10	1 50		0 20	1 80	£686 00	£381 11
Statutory and compliance							
Checklist & reviews	0 25		4 50		4 75	£1,056 25	£222 37
Reports to debenture holders	0 50				0 50	£267 50	£535 00
Tax							
Post appointment VAT		0 30	1 30		1 60	£401 00	£250 63
Creditors							
Creditors and claims							
General correspondence			0 30		0 30	£61 50	£205 00
Payment of dividends		1 00			1 00	£405 00	£405 00
Secured creditors	0 60	2 00			2 60	£1,131 00	£435 00
Statutory reports		1 00	0 70		1 70	£548 50	£322 65
Total in period					19 70	£5 680 00	£288 32
<hr/>							
Brought forward time (appointment date to SIP9 period start date)					363 92	£104,972 70	£288 45
SIP9 period time (SIP9 period start date to SIP9 period end date)					19 70	£5,680 00	£288 32
Carry forward time (appointment date to SIP9 period end date)					383 62	£110,652 70	£288 44

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



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

Charge out rates from 1 October 2014 to 30 September 2015

Grade	Rate per hour £
Partner	595
Associate Partner	535
Director	485
Senior Manager	485
Manager	405
Assistant Manager	280
Assistant	205
Support	125



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	£47	£141
Telephone	£94	-	£94
Other	£33	-	£33
Total	£1,448	£47	£1,495

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 September 2014 to 13 March 2015

Section	Account	Accrued	Paid	Total
Cost of realisations	Joint Administrators' fees	£5,680	-	£5,680
	Joint Administrators' disbursements	£47	-	£47
	Bank charges	-	£20	£20
Total		£5,727	£20	£5,747

Note The table above shows expenses that have been paid or incurred in the period which have not been paid and/or accrued in prior reporting periods

Creditors are reminded that any additional information can be requested subject to the conditions set out in section 3.5.2