

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company PPH1 Limited	Company number 05410412
In the High Court of Justice, Chancery Division, Companies Court	Court case number 8349 of 2013

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

We
Ian Colin Wormleighton
Deloitte LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WA

Neville Barry Kahn
Deloitte LLP
PO Box 810
66 Shoe Lane
London
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*Delete as
applicable

Attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) 9 January 2014

Signed


Joint Administrator

Dated

09/01/2014

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 researchers of the

James Howie
Deloitte LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WA

DX Number LDE DX599

Tel 020 7936 3000
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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10/01/2014

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COMPANIES HOUSE

PPH1 Limited

Court Case No. 8349 of 2013

- In Administration ("the Company")

**ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF
SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED)**

9 January 2013

**Ian Colin Wormleighton and Neville Barry Kahn
Administrators of PPH1 Limited - In Administration
Deloitte LLP
PO Box 810
66 Shoe Lane
London
EC4A 3BQ**

Ian Colin Wormleighton and Neville Barry Kahn were appointed Administrators of PPH1 Limited on 28 November 2013. The affairs, business and property of the Company are managed by the Administrators. The Administrators act as agents of the Company and contract without personal liability.

Disclaimer Notice

- This Statement of Proposals ("Proposal" or "Proposals") has been prepared by Ian Colin Wormleighton and Neville Barry Kahn, the Administrators of PPH1 Limited solely to comply with their statutory duty under paragraph 49, Schedule B1 of the Insolvency Act 1986 (as amended) to lay before creditors a statement of their proposals for achieving the purpose 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 Proposal 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 any of the company listed above.
- Any estimated outcomes for creditors included in this Proposal 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 Proposal for any purpose or in any context other than under paragraph 49, Schedule B1 of the Insolvency Act 1986 (as amended) does so at their own risk. To the fullest extent permitted by law, the Administrators do not assume any responsibility and will not accept any liability in respect of this Proposal.
- The Administrators act as agents for PPH1 Limited and contract without personal liability. The appointment of the Administrators are personal to them and, to the fullest extent permitted by law, Deloitte LLP does not assume any responsibility and will not accept any liability to any person in respect of this Proposal or the conduct of the Administration.
- All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

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ABBREVIATIONS AND GLOSSARY OF TERMS

For the purpose of this report the following abbreviations shall be used

"the Act"	Insolvency Act 1986 (as amended)
"the Administrators"	Ian Colin Wormleighton and Neville Barry Kahn of Deloitte LLP
"the Administration"	The administration of PPH1 Limited, beginning on 28 November 2013
"Ashurst"	Ashurst LLP, a firm of lawyers
"c"	Circa
"the Company" or "PPH1"	PPH1 Limited (in Administration)
"the Court"	The High Court of Justice, Chancery Division, Companies Court
"Deloitte"	Deloitte LLP
"the Directors"	David Maxwell and Pendragon Management Services Limited
"the Junior Secured Creditors"	The Junior Lenders as stated in the facility agreement as amended on and restated on 20 April 2007, 10 May 2007, 14 December 2010 and 27 July 2011
"Pendragon"	Pendragon PLC
"the Properties"	The eighty-one car showrooms which were the sole assets of the Company
"the Purchaser"	King Arthur Properties SARL
"the Rules"	Insolvency Rules 1986 and the Insolvency (Amendment) Rules 2010
"the Secured Creditors"	The Junior Secured Lenders and the Senior Secured Lender together
"Senior Secured Lender"	Isobel AssetCo Limited
"the Security Trustee"	The Royal Bank of Scotland plc
"the SPA"	Sale & Purchase Agreement

Glossary of terms

Secured Creditor	<p>A secured creditor has fixed and/or floating charge debenture security across part/all of the Company and as such is entitled to be paid out of the net realisations in priority to other creditors</p> <p>However, where the security is by way of a floating charge, this priority is subject to payment of preferential creditors in full, and, should any funds still remain, a reserve for distribution to unsecured creditors (subject to a maximum fund of £600,000) must be set aside under the PP provisions before any return out of net realisations to a secured creditor under the floating charge</p>
Floating Charge Realisations	Monies realised from sale/disposal of assets pledged to a secured creditor under a debenture secured by a floating charge
Preferential Creditor	A preferential creditor has a right to be paid in priority to unsecured creditors out of net floating charge realisations, before the PP and before payment to the secured floating charge holder. Such creditors are generally employees in relation to specific wage arrears, holiday pay and certain pension contributions
"the Properties"	81 Properties, all of which are car showrooms based across the UK

"PP"	This is a fund for unsecured creditors, to be set aside out of a Company's net property, known as the Prescribed Part of the Company's net property, and as provided for under Section 176A of the Insolvency Act 1986 (as amended)
Net Property	Net property is the amount remaining from net floating charge realisations after payment of preferential claims but before any distribution to the secured floating charge holder
Calculation of the PP	The amount of the fund set aside for unsecured creditors is calculated as 50% of net property up to £10,000, plus, 20% of net property thereafter up to a maximum fund of £600,000
Unsecured Creditor	An unsecured creditor ranks behind secured and preferential creditors An unsecured creditor is able to participate in any PP distribution and in the distribution of any surplus funds after payment of expenses and prior claims (secured and preferential)
Purposes of an Administration	<p>The purpose of an Administration under The Enterprise Act 2002 is split into three parts</p> <ol style="list-style-type: none"> 1 To rescue a company as a going concern (in other words a restructuring which keeps the actual entity intact) 2 If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Administrators must perform their functions with the objective of achieving a better result for creditors as a whole than would be obtained through an immediate liquidation of the company This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation) 3 If neither of the first two parts of the purpose are reasonably practicable, the Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable
"SIP2 (E&W)"	Statement of Insolvency Practice 2 (England & Wales)
"SIP9 (E&W)"	Statement of Insolvency Practice 9 (England & Wales)
"SIP13 (E&W)"	Statement of Insolvency Practice 13 (England & Wales)
"SIP16 (E&W)"	Statement of Insolvency Practice 16 (England & Wales)

1. INTRODUCTION

1.1. Introduction

This report is prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires the Administrators to provide creditors with details of their proposals to achieve the objectives of the administration

To assist the creditors and enable them to decide on whether or not to vote for the approval of the proposals, this document provides background information regarding the Company and the circumstances giving rise to the appointment of the Administrators. For further information, please refer to the Administrators' letter of 4 December 2013 which should be read in conjunction with these proposals. A copy of this is attached at Appendix 4

As there are insufficient funds for a distribution to any unsecured creditors, (other than via the PP), in accordance with paragraph 52(1)(b) of Schedule B1 of the Act, the Administrators will not be convening a creditors' meeting, unless required to do so. Should creditors of the Company, whose total debts amount to at least 10% of the total debts of the Company wish to request a meeting be held, they should complete the relevant Form 2.21B at Appendix 2 and return it to the Administrators by 22 January 2014

In the event no request in the prescribed manner is received within 8 business days of issue of this statement, being 22 January 2014, the Administrators' proposals will be deemed approved and a notice to that effect will be filed at Companies House

2. BACKGROUND

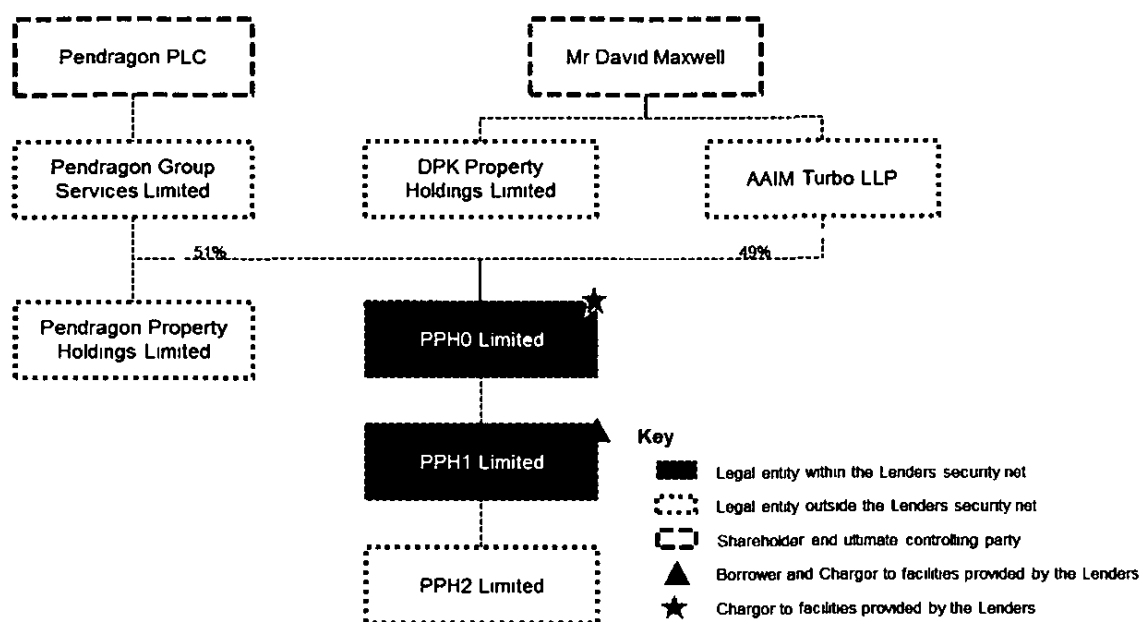
2.1 Background information

The Company was incorporated in 2005 as a wholly owned subsidiary of PPH0 Ltd which was indirectly a joint venture undertaking between Pendragon, (a car showroom operator) and David Maxwell (a private investor who holds a 49% interest in the joint venture through aAim Turbo LLP)

The Company's principal operation was that of real estate investment. The Company's property portfolio comprised the Properties, all of which were leased to Pendragon (which in turn sub-let 6 of the Properties) forming approximately one third of Pendragon's operating estate. As such Pendragon was the sole tenant (with the exception of the 6 sites which were sub-let by Pendragon)

2.2 Group Structure

A summarised group structure chart (at the date of our appointment) is set out overleaf



2.3. Overview of Financial Information

Extracts from the Company's audited accounts for the 12 months to 31 December 2010 and 12 months to 31 December 2011, are shown below

Please note that this information has not been verified by the Administrators or by Deloitte

Profit and Loss account 12 months to 31 December 2010 and 31 December 2011

£'000	2011	2010
Turnover	19,803	24,184
Gross Profit	19,803	24,184
Administrative charges	(12,971)	(1,107)
Operating profit	6,832	23,077
Profit on disposal of fixed assets	12,888	200
Profit before interest	19,720	23,277
Net interest payable	(15,720)	(24,124)
Profit/(loss) on ordinary activities before taxation	4,000	(847)
Taxation on profit/(loss) on ordinary activities	(2,590)	462
Profit/(loss) for the financial year	1,410	(385)

Source Perfect information

Balance sheet as at 31 December 2010 and 31 December 2011

£'000	2011	2010
Fixed assets		
Tangible assets	196,415	188,634
	196,415	188,634
Current assets		
Debtors	2,510	89,053
Cash at bank and in hand	9,756	10,650
	12,266	99,703
Creditors amounts falling due within one year	(8,729)	(101,865)
Net Current assets/(liabilities)	3,537	(2,162)
Total assets less current liabilities	199,952	186,472
Creditors amounts falling due after more than one year	(194,527)	(194,020)
Net assets/(liabilities)	5,425	(7,548)
Capital and reserves		
Called up share capital		
Share premium account	41,818	41,818
Revaluation reserve	(57,190)	(97,095)
Profit and loss account	20,797	47,728
Shareholder surplus/(deficit)	5,425	(7,549)

Source Perfect information

2.4 Management and Employees

As at 28 November 2013, the Company did not have any employees

Statutory information on the Company, including details of the Directors and Company Secretary, bankers & shareholders is provided at Appendix 1

3. THE CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF THE ADMINISTRATORS

3.1. Events prior to the Administration

The Company had circa £194 million of secured debt, comprising senior and junior debt. Associated derivative liabilities and other instruments were secured by a fixed and floating charge debenture against the Company's assets and undertakings. This security agreement was dated 22 December 2006 and registered on 27 December 2006.

The Company's senior loan matured in June 2013 but the Company was not in a position to repay the loan. We understand that both ahead of and following the default of the senior loan, the Company sought to negotiate a consensual refinancing of the facilities.

Our understanding is that the structure of such a refinancing would have involved

- Raising of new finance from third parties – term sheets were provided by two parties subject to diligence, offering facilities which were insufficient to refinance all of the secured debt,
- Utilisation of such new finance to repay the Senior Secured Lender and repay or roll derivative instruments and to part repay Junior Secured Creditors, and
- A 'Cash out' offer to Junior Secured Creditors under this structure which was approximately 50p in the £ (although there was insufficient cash to offer all creditors this option).

We understand that whilst progress was made, this structure could not be agreed upon. Subsequent to these refinancing discussions, we understand that unsolicited approaches were made to the Company to acquire the Properties. None of these offers would have resulted in a realisation sufficient to repay the secured debt in full. It was therefore clear that the Company was unable to pay its debts as they fell due.

3.2. Details of the Appointment of the Administrators

Ian Colin Wormleighton and Neville Barry Kahn, of Deloitte were appointed Administrators of the Company by the Directors on 28 November 2013.

The Court having conduct of the proceedings is the High Court of Justice, Chancery Division, Companies Court (case number 8349 of 2013).

For the purposes of paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly or severally.

3.3 Purpose of the Administration

The purpose of an Administration under The Enterprise Act 2002 is split into three parts:

- 1 To rescue a company as a going concern (in other words a restructuring which keeps the actual entity intact)
- 2 If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Administrators must perform their functions with the objective of achieving a better result for creditors as a whole than would be obtained through an immediate liquidation of the company. This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation).

- 3 If neither of the first two parts of the purpose are reasonably practicable, the Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable

As noted in section 3.1, the Company had unsuccessfully attempted to negotiate a consensual restructuring arrangement with its lenders in the summer of 2013, and as such the Administrators concluded that the first option was not possible to achieve. Accordingly, the purpose of the Administration was to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company. The purpose of the Administration has been achieved through the sale of the assets to the Purchaser and the resultant mitigation of creditor claims.

3.4 Electronic communication with creditors

In an effort to reduce the costs of the Administration, all communications with creditors, including updates and progress reports, will be posted onto a website, which has been set up specifically for this purpose. The web address is

www.deloitte.com/uk/pph

A letter will be issued to all creditors each time the website is updated with a statutory notice or report. All creditors' statutory notices will be retained on the website until its closure 12 months from the Administration being brought to a close.

4. THE MANNER IN WHICH THE AFFAIRS OF THE COMPANY HAVE BEEN MANAGED AND FINANCED AND WILL CONTINUE TO BE MANAGED AND FINANCED IF THE ADMINISTRATORS' PROPOSALS ARE APPROVED

4.1. Introduction

As explained in detail in the Administrators' letter of 4 December 2013 (attached at Appendix 4), the Administrators concluded that the appropriate strategy in the circumstances was a pre-packaged sale of the assets

4.2. Sale of Business

A transaction was completed on 28 November 2013 which resulted in the Properties being sold to the Purchaser for a gross price of £170m

The detailed terms of the sale and purchase agreement are confidential

4.3. Post Appointment Strategy

While the economic and beneficial ownership of the Properties transferred to the Purchaser on 28 November 2013, due to the leasehold nature of some of the Properties, further work is required to transfer full legal title

The Administrators, their legal advisors and the Purchaser will continue to progress the assignment of such leasehold interests

The Administrators' staff are in the process of collating creditor claims and have handled creditor queries as they have arisen which include telephone calls and correspondence

The Administrators' legal advisors advised in respect of all legal issues arising on the sale of business and assets and will continue to assist the Administrators with post appointment matters

In addition, the Administrators' staff will liaise with the Purchaser to progress any unresolved issues or future matters that may arise

There are no further assets to realise, with the exception of potential tax reclaims

4.4. Receipts and Payments

Please note that no receipts and payments account has been provided, as to date, no funds have been received by the administration estate, nor have any payments been made

5. DIRECTORS' STATEMENT OF AFFAIRS

5.1. Introduction

A Statement of Affairs has been submitted by the Directors of the Company, as at 28 November 2013, a copy of which is attached at Appendix 3

In accordance with the standard format of the Statement of Affairs form, no provision has been made in the Statement of Affairs for the costs of the Administration (including agents, legal and other professional fees) Please note that at the date of the Administrators' appointment there were no unsecured creditors, and hence no schedule of unsecured creditors has been provided at Appendix 3

The most recent accounting information available for the Company is summarised at section 2.3 The Administrators have not carried out any work of the nature of an audit on the information

5.2. Notes to the Directors' Statement of Affairs

With regards to the statement of affairs

- The net book values have been taken from the Company's management accounts prepared at 28 November 2013,
- The estimated to realise values are based on the Directors' understanding of the consideration achieved by the Administrators for the sale of the Properties at 28 November 2013, and the recovery of cash and debtors,
- No provision has been made in the Statement of Affairs for the costs of the Administration (including agents, legal and professional fees)

5.3. Secured creditors

The Company's indebtedness to the Secured Creditors on the date of the appointment of the Administrators, and as set out in the Statement of Affairs, is summarised in the table below

The Senior Secured Lender was repaid in full following the transaction. Given that there will be no significant further asset realisations, it is not envisaged that the Junior Secured Creditors will be repaid in full

Secured Debt

Debt type	Value (£)
Senior swap	7
Senior Loan	81
Junior swap	16
Junior Loan	76
Unpaid senior interest	6
PPB back end fee	8
Total	<u>194</u>

5.4 Preferential Creditors

There are no known preferential creditors

5.5 The Prescribed Part

Please note that there have been no floating charge realisations to date, however a tax refund may be received which could generate a floating charge asset and therefore provide for a dividend under the PP (to the extent there are any unsecured creditors)

At present, we are not aware of any unsecured creditors, however, should you believe you are an unsecured creditor of the Company you are requested to submit claims to the address on the front of this report, marked for the attention of James Howie. A Proof of Debt form is attached at Appendix 5

5.6 Unsecured Claims

According to the Directors' Statements of Affairs there were no unsecured creditors at the date of appointment

After discharging the costs of the Administration, there will not be sufficient realisations from floating charge assets to fully repay the Junior Secured Creditors

Accordingly, we do not expect any funds to be available to pay a dividend to any unsecured creditors of the Company other than a distribution under the PP as noted above

5.7. Creditors' meeting to seek approval to the Proposals and consider specific resolutions regarding the remuneration and costs of the Administrators

As there are insufficient funds for a distribution to the unsecured creditors other than via the PP, the Administrators will not be convening a creditors' meeting, unless required to do so, in accordance with paragraph 52(1)(b) of Schedule B1 of the Act

Should creditors of the Company, whose total debts amount to at least 10% of the total debts of the Company wish to request a meeting be held they should complete the attached Form 2.21B (Appendix 2) and return it to the Administrators no later than 22 January 2014

In the event no request (in the prescribed manner) is received within 8 business days of issue of this statement, the proposals will be deemed approved and a notice will be filed at Companies' House

6. ADMINISTRATORS' REMUNERATION AND EXPENSES

6.1 Introduction

As there will be no funds available to any unsecured creditors other than under the PP, and in the absence of a creditors' committee, fixing the basis of the Administrators' remuneration will be approved in accordance with Rule 2 106(5A) of the Rules, by approval of each secured creditor and 50% of the preferential creditors

In this instance, given the absence of preferential creditors, the Secured Creditors will be invited to approve the basis of the Administrators' remuneration (in accordance with the facility documents) which will be fixed by reference to the time properly given by the Administrators' and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT

The charge out rates in force since the Administrator's appointment for the separate categories of staff are summarised below. Manager rates include all grades of assistant manager

Grade	Hourly Rate (£)
Partners / Directors	605 to 950
Managers	305 to 720
Assistants and Support Staff	155 to 305

The above bands are specific to the Restructuring Services department partners and staff. In certain circumstances the use of specialists from other Deloitte departments such as Tax/VAT, Corporate Finance or Deloitte Real Estate may be required. These departments may charge rates that fall outside the Restructuring Services department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Restructuring Services department bands.

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

To date, Administrators and their staff have incurred time costs of £81,350 made up of 138 hours at an average rate of £590/hour.

"A Creditors' Guide to Administrators' Remuneration" is available for download at www.deloitte.com/uk/sip-9-england-and-wales

Should you require a paper copy, please send your request in writing to the Administrators at the address on the front of this report and this will be provided to you at no cost.

6.2. Administrators Time Costs

Administrators' Disbursements

As no disbursements have been approved for payment at this stage, no information has been disclosed. This will be covered in the first progress report to creditors after approval has been sought.

Other Professional Costs

To advise on appropriate legal matters and to prepare required legal documentation, the Administrators instructed Ashurst, a firm of lawyers with the appropriate expertise and experience in dealing with this type of Administration.

No costs have been billed to date, and total costs are expected to be less than £50k.

Creditors' right to request information

Any secured creditor or, unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Administrators to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2.47(1)(fa) and 2.48A of the Rules.

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or, with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2.109(4) of the Rules), challenging the amount or the basis of remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within 8 weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2.109 of the Rules.

7. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

7.1. Directors' conduct

As part of their statutory duties, the Administrators will consider the conduct of the Directors and any person they consider a shadow or de facto director in relation to their management of the affairs of the Company and the causes of failure and will submit a confidential report to the Insolvency Service, a division of the Department for Business, Innovation and Skills

As part of their investigations the Administrators will consider, among other matters, the following

- statutory compliance issues,
- misfeasance or breach of duty, and
- antecedent transactions (including transactions at an under value and preferences)

Creditors who wish to draw any matters to the attention of the Administrators should write to the Administrators at the address given on the front of this report

7.2. SIP13 (E&W) – Transactions with connected parties

In accordance with the guidance given in SIP13 (E&W), we have a duty to report on related party transactions which have taken place either since the appointment of the Administrators or in the two years preceding the appointment

The transaction itself was entered into with a related party as detailed in the SIP 16 letter at Appendix 4

Additionally, DPK Management Limited (a company controlled by David Maxwell) Pendragon Property Holdings Services Limited and Pendragon Management Services (both companies controlled by Pendragon) provided property management services to the Company. Payments made in respect of these services in the two years prior to appointment are summarised in the table below

Related party transactions - payments by PPH1

Payee	£ (inc VAT)
DPK Management Ltd	134,801
Pendragon Management Services Ltd	149,789
Pendragon Property Holdings Ltd	<u>259,831</u>
	954,041

Furthermore the Company historically received rental payments from Pendragon. A summary of these rental payments is included below

Related party transactions - payments to PPH1

Payer	£ (inc VAT)
Pendragon Property Holdings Ltd	<u>42,604,635</u>
	42,604,635

The Administrators have reviewed these transactions and are satisfied that they were completed at an arm's length basis and in the normal course of business and therefore no further action is necessary

7.3 Exit Routes from Administration

In accordance with the provisions of the Act incorporated by the Enterprise Act 2002, all administrations automatically come to an end after one year, unless an extension is granted by the Court or by consent of the creditors

There are several exit routes which are available to the Administrators such as,

- an application to Court,
- filing a notice in Court and with the Registrar of Company confirming that the purpose of Administration has been sufficiently achieved, or
- in the event that the Company has no property remaining to be realised the Administrators may notify the Registrar of Company to that effect at which time the appointment of the Administrators ceases and three months following that date the company is deemed to be dissolved

In addition the Administrators could propose to place the Company into Creditors' Voluntary Liquidation, a Compulsory Liquidation or a Company Voluntary Arrangement. Given that it is possible a VAT refund will be obtained, the most appropriate exit route will likely be via CVL in order that a distribution can be made to creditors. In the absence of any dividend being available to unsecured creditors (i.e. if no tax refund is received) dissolution will be the most appropriate exit route.

7.4. EC Regulations

As stated in the Administration Order in respect of the Company, Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that Regulation.

7.5. Third Party Assets

Should you believe that you own items that may have been present at the Company's former trading premises at the date of appointment please contact the Administrators as soon as possible.

8 STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED)

PPH1 Limited

Court case no. 8349 of 2013

(In Administration) (the "Company")

The Administrators' proposals are as follows-

- 1 the Administrators continue to manage the affairs and any remaining assets of the Company and the settlement of all administration expenses,
- 2 the Administrators continue with their enquiries into the conduct of the directors of the Company and continue to assist any regulatory authorities with their investigation into the affairs of the Company,
- 3 the Administrators be authorised to agree the claims of the secured, and any unsecured creditors against the Company where applicable unless the Administrators conclude, in their reasonable opinion, that the Company will have no assets available for distribution,
- 4 the Administrators be authorised to distribute funds where applicable to the secured creditors as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application,
- 5 that, in the event the creditors of the Company so determine, at a meeting of creditors of the Company, a Creditors' Committee be appointed in respect of the Company comprising of not more than five and not less than three creditors of the Company,
- 6 that, if a Creditors' Committee is not appointed, the secured creditors of the Company shall be asked to fix the basis of the Administrators' remuneration in accordance with Rule 2 106(5A)(a), by reference to the time properly given by the Administrators' and their staff in attending to matters arising in the administration, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT. In addition those creditors shall also be asked to agree the Administrators' expenses of which the Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Administrators and their staff in attending to matters arising in the administration, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred, plus VAT where applicable,
- 7 that, following the realisation of assets and resolution of all matters in the Administration, and as quickly and efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the administration. This may include the distribution of funds to unsecured creditors (provided Court permission is obtained) and then the dissolution of the Company or alternatively, seeking to put the Company into Creditors' Voluntary Liquidation ("CVL"), Compulsory Liquidation, or a solvent exit from Administration whereby the Company would be returned to the Directors, depending on which option will result in a better realisation for creditors,
- 8 that, if the Company were to be placed into CVL, the Administrators propose to be appointed Liquidators and any Creditors' Committee appointed will become the

Liquidation Committee pursuant to Rule 4.174A of the Rules and that the basis of the Liquidators' remuneration be fixed by reference to the time given in attending to matters arising in the Liquidations. As per paragraph 83(7) of Schedule B1 of the Act and Rule 2.117A(2)(b) of the Rules, the creditors may nominate a different person to be Liquidator(s) provided the nomination is made before the proposals are approved by creditors. For the purposes of Section 231 of the Act the Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally, and

9. in the absence of a Creditors' Committee, the creditors of the Company agree that the Administrators be discharged from liability per paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Administrators' filing their final report to creditors with the Registrar of Companies

Yours faithfully
For and on behalf of the Company

Ian Colin Wormleighton and Neville Barry Kahn
Administrators
Deloitte LLP
66 Shoe Lane
London
EC4A 3BQ

Ian Colin Wormleighton and Neville Barry Kahn were appointed Administrators of the Company on 28 November 2013. The affairs, business and property of the Company are managed by the Administrators. The Administrators act as agents of the Company and contract without personal liability.

All licensed Insolvency Practitioners of Deloitte are licensed to act in the UK

PPH1 LIMITED (IN ADMINISTRATION)
STATUTORY INFORMATION

Company Name	PPH1 Limited (in Administration)
Proceedings	Administration
Court	The High Court of Justice, Chancery Division, Companies Court
Court Reference	Court Case No 8349 of 2013
Date of Appointment	28 November 2013
Administrators	Ian Colin Wormleighton and Neville Barry Kahn Deloitte LLP PO Box 810, 66 Shoe Lane, London, EC4A 3BQ
Registered office Address	c/o Deloitte LLP Hill House, 1 Little New Street, London, EC4A 3TR
Company Number	05410412
Incorporation Date	01/04/2005
Company Secretary	Ms Hilary Claire Sykes
Bankers	The Royal Bank of Scotland
Auditors	KPMG LLP
Appointment by	The Security Trustee in their capacity as qualifying floating charge holder
Directors at date of Appointment	David Maxwell and Pendragon Management Services
Directors' Shareholdings	David Maxwell – 49% A related company of Pendragon Management services holds the remaining 51%

Rule 2.37

Creditor's request for a meeting

Name of Company

PPH1 Limited

Company number

05410412

In the
High Court of Justice, Chancery Division,
Companies CourtCourt case number
8349 of 2013

(a) Insert full name and
address of the creditor
making the request

I (a)

(b) Insert full name and
address of registered

request a meeting of the creditors of (b)
PPH1 Limited
HILL HOUSE
1 LITTLE NEW STREET
LONDON, EC4A 3TR

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
requesting creditor's
claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence

(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated

Rule 2 29

Form 2 14B

Statement of affairs

Name of Company PPH1 Limited	Company number 05410412
In the High Courts of Justice, Chancery Division, Companies Court	Court case number 8349 of 2013

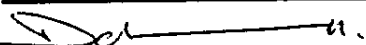
(a) Insert name and address of registered office of the company Statement as to the affairs of PPH1 Limited, Loxely House 2, Oakwood Court, Little Oak Drive Annersley, Nottingham, Nottinghamshire, NG15 0DR

(b) Insert date on the 28 November 2013 the date that the company entered administration

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 28 November 2013, the date that the company entered administration

Full name DAVID CLELAND MAXWELL

Signed 

Dated 12/12/13

A - Statement of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge		
PROPERTIES	188,060,000	169,000,000
CASH	1,500,000	1,500,000
DEBTORS (HMRC)	550,000	550,000
Assets subject to floating charge		
Uncharged assets		
Estimated total assets available for preferential creditors	190,110,000	171,050,000

Signature D. Schmitt

Date 12/12/13

A1 - Statement of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)		£ 171,050,000
Liabilities	£	197,000,000
Preferential creditors		
Estimated deficiency/surplus as regards preferential creditors		£ (25,950,000)
Estimated prescribed part of net property where applicable (to carry forward)	£	
Estimated total assets available for floating charge		£ 0
Debts secured by floating charges	£	
Estimated deficiency/surplus of assets after floating charges		£
Estimated prescribed part of net property where applicable (brought down)	£	
Total assets available to unsecured creditors		£ 0
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		£
Shortfall to floating charge holders (brought down)	£	
Estimated deficiency/surplus as regards creditors		£
Issued and called up capital	£ 41,818,000	
Estimated total deficiency/surplus as regards members		£ (41,818,000)

Signature 

Date 12/12/13

COMPANY CREDITORS

Note You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession

[illegible]

Signature D. Williams Date 12/12/13

COMPANY SHAREHOLDERS

[illegible]

Signature

1

Date 12/12/13



To All Known Creditors of PPH1 Limited – in Administration

Deloitte LLP
PO Box 810
66 Shoe Lane
London EC4A 3WA
Tel +44 (0) 20 7936 3000
Fax +44 (0) 20 7007 3442
LDE DX 599
www.deloitte.co.uk

Contact Name James Howe
Direct +44 20 7007 2216
Email jahowe@deloitte.co.uk

28 November 2013

Dear Sirs

PPH1 Limited - in Administration ("the Company" or "PPH1")

Company Number. 05410412

Trading Address Loxely House 2 Oakwood Court, Little Oak Drive Annesley, Nottingham, Nottinghamshire NG15 0DR

I write to inform you that Ian Colin Wormleighton and Neville Barry Kahn were appointed Joint Administrators ("the Joint Administrators") of the Company on 28 November 2013. Formal notice of the appointment is attached on Form 2.12B.

In order to provide full information to creditors in line with Statement of Insolvency Practice 16 (England & Wales), this letter provides details regarding the sale of the business and assets and the events leading up to it.

Information regarding the pre-packaged sale of the business and assets

Immediately following the appointment of the Joint Administrators on 28 November 2013 the Company's business and assets were sold to King Arthur Properties SARL (the "Purchaser"), for a gross consideration of £170 million ("the Transaction").

Background Information

The Company is a wholly owned subsidiary of PPH0 Ltd which is a joint venture undertaking between Pendragon PLC ("Pendragon"), (a car showroom operator) and David Maxwell (a private investor who holds the joint venture through aAim Turbo LLP).

The Company operated as a real estate investment company to acquire and let car showrooms. The Company's property portfolio comprised 81 showrooms ("the Properties") all of which were then leased to Pendragon (which in turn sub let 6 of the showrooms) forming one third of Pendragon's operating capacity. As such Pendragon was the sole tenant (with the exception of 6 sites which have been sub-let by Pendragon). David Maxwell provided property and asset management services to the Company through DPK Holdings Limited.

Important Notice: Partners and Directors acting as receivers and administrators contract without personal liability. Unless otherwise shown, all appointments of Partners and Directors are authorised by The Institute of Chartered Accountants in England and Wales. In addition Peter Michael Allen is a Licensed Insolvency Practitioner authorised by The Institute of Chartered Accountants of Scotland. All licensed insolvency practitioners of Deloitte LLP are licensed in the UK.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

The Company has circa £194 million of secured debt, comprising senior and junior debt and associated swap liabilities, which is secured by a fixed and floating debenture against its assets and undertaking. This security agreement was dated 22 December 2006 and registered on 27 December 2006 (as supplemented by an agreement dated 18 July 2007 and registered on 19 July 2007 and as confirmed by a confirmatory security agreement dated 14 December 2010 and registered on 20 December 2010).

The senior loan within this debt matured in June 2013 but the Company was not in a position to repay the loan. As a result, the Company explored whether a consensual restructuring or refinancing of its facilities could take place.

Despite extensive negotiations and a refinancing proposal being submitted by the Company, the wider lender group was unable to reach agreement and the senior loan remained in default. Consequently the Company was placed into Administration as it was unable to meet its debts as they fell due.

Initial Introduction

Deloitte LLP was first approached in June 2013 by the senior lender, Isobel Assetco Limited amidst concerns by the senior lender that its loan would not be repaid on maturity. Following that initial consultation, Deloitte LLP was engaged in August 2013 to advise the senior lender on contingency planning and to provide an options review.

Pre-appointment considerations

During June and July 2013, the Company was exploring a consensual restructuring between its existing lender group. During this period, we understand that the Company received a number of unsolicited approaches to acquire the business and assets of the Company although none of these offers would have resulted in a realisation sufficient to repay the secured debt in full. It was therefore clear that the Company was insolvent.

There were two offers for the business and assets of the Company. One such offer was from the Purchaser for £170m and the other was from a financial buyer for the same amount. We are not aware of any further offers at or above this level. The offer from the financial buyer was withdrawn on the 27 November 2013, leaving the offer from the Purchaser as the only remaining offer.

Having considered and discounted other insolvency processes (for example a CVA), it was considered that an Administration was the course of action which would lead to the highest return to creditors. As an alternative to accepting the Purchaser's offer the potential outcome of a trading administration was also considered, during which the assets would be realised either by selling the properties on a piecemeal basis over a 3 to 4 year period, or alternatively in smaller lot sizes, say 20-30 at a time, over a 2-3 year period. For such a strategy to be possible, the administrators would have required funding. The only realistic provider of such funding was the senior lender, who confirmed that they were unwilling to provide funding.

Furthermore certain cross default positions in the leases made anything other than a sale of the portfolio as a whole challenging absent the release of those provisions by the tenant. Obtaining such releases would not have been possible without incurring significant additional costs.

The Transaction was therefore considered to give the best return to the Company's creditors as a whole for the following reasons:

- The Transaction provided for cash consideration of £170m for the entire property portfolio and was in line with/supported by 3rd party valuation evidence that had been obtained from DTZ (report dated 26 November 2013) and supported by internal advice from Deloitte Real Estate (see Valuation section below).
- The Transaction was supported by the senior lender and a majority of the junior lenders. Due to the level of secured debt in the Company, there is no value for unsecured creditors.

- Rental income is fixed charge and is received into a blocked account, held by the Security Trustee. Any Administration trading period would have required funding which the senior lender specifically stated it would not provide. No other party offered to provide funding for a trading period.
- The alternative to the Transaction would have been a piecemeal sale of properties over an extended Administration period which notwithstanding funding issues, exposed the realisation process to uncertainty and subject to risk such as the prices potentially achievable and the likely significant duration of the realisation process.

Marketing of the business and assets

No marketing of the business and assets was undertaken as it was clear from valuation evidence and the unsolicited offers which were being received that the value of the business was insufficient to repay the secured creditors in full. The distressed nature of the portfolio was widely known due to the public listing of the Senior Lenders' debt and therefore any potential bidder had ample opportunity to approach the Company and/or its lenders.

Valuation of the business and assets

DTZ Debenham Tie Leung Limited ("DTZ"), an established national firm of chartered surveyors, were engaged to undertake a valuation of the Company's assets, being the 81 properties, (report dated 26 November 2013) to establish the market value of the portfolio as a whole on the basis of a sale by Administrators, as a portfolio and on a restricted marketing period basis of 4 to 6 weeks. Their valuation is £160m.

The Deloitte Real Estate ("DRE") team reviewed both (1) the DTZ valuation and (2) the likelihood of being able to achieve a sale outside of the pre-pack at an acceptable value.

The conclusions from the DTZ valuation and the DRE work supported the proposed pre-packaged sale as being the optimal transaction in the circumstances, in particular given the price achieved of £165 million was above the valuation of £160 million.

DTZ are professionally qualified in accordance with the appropriate sections of United Kingdom Valuation Standards contained within the RICS Valuation - Professional Standards 2012. This constituted an independent valuation.

The transaction

The transaction took place on 28 November 2013.

Purchaser and related parties

The Purchaser of the assets is King Arthur Properties SARL, which ultimately is owned by the following parties, all of which are connected to the Company:

- Pendragon PLC owned 51% of the equity in the Company prior to the transaction and continues to occupy/sublet the Properties,
- David Maxwell owned 49% of the equity in the Company prior to the transaction and is a director of the Company, and
- Baupost - a US opportunity fund, which is also a junior lender in the Company's debt structure.

The senior lender (and the majority of the junior lenders) were supportive of a sale to this Purchaser and were broadly aware of the ownership of the Purchaser

Assets

The Company's only assets were the Properties

Sale Consideration

As consideration for the Transaction, a cash sum of £170 million was paid by the Purchaser to the Company. In addition, should a sale of any of the properties by the Purchaser occur in the 9 months following the sale, the Purchaser will be liable to pay to the Company additional consideration as follows

- In the first 6 months, 50% of the difference between the price paid (by property) and the price subsequently sold, and
- In the next 3 months, 25% of the difference

All properties were subject to the fixed charge and consequently there were no floating charge realisations on the sale

Purpose of the Administration

The purpose of an administration under The Enterprise Act 2002 is split into three parts

- 1 To rescue a company as a going concern (in other words, a restructuring which keeps the actual entity intact)
- 2 If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Administrators must perform their functions with the objective of achieving a better result for creditors as a whole than would be obtained through an immediate liquidation of the company. This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in liquidation)
- 3 If neither of the first two parts of the purpose are reasonably practicable, the Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable

As noted above, the Company had unsuccessfully attempted to negotiate a consensual restructuring arrangement with its lenders in the summer of 2013, and as such the Administrators concluded that the first option was not possible to achieve

Accordingly, the purpose of the Administrations was to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company. The purpose of the Administration has been achieved through the sale of the assets to the Purchaser and the resultant mitigation of creditor claims

General matters to be brought to the attention of creditors

The effect of an Administration appointment is essentially to give protection to the Company and prevent any person taking action against it. During the period of the Administration the Company cannot normally be wound up, no Administrative Receiver can be appointed, nor can steps be taken by any creditor to enforce security, repossess goods or commence any legal proceedings against the Company without the consent of the Joint Administrators. The Joint Administrators will manage the affairs, business and property of the Company for the duration of the Administration

Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 (as amended) the Joint Administrators will prepare proposals which will be submitted to the Company's creditors within eight weeks of the commencement of the Administration, or such period as the Court may order. If appropriate a meeting of creditors will be convened.

The directors have been requested to prepare a Statement of Affairs as at the date of the Administration. In order to assist in the Joint Administrators' review of the Company's financial situation, creditors should submit a detailed statement of the amount due from the Company as at 28 November 2013 together with details of any security held. Enclosed with this letter is a formal Proof of Debt form for creditors to complete and return. Also enclosed is a questionnaire for completion by creditors who wish to provide the information requested.

The Joint Administrators are obliged to consider the conduct of the directors of the Company during the last three years. If there are any matters creditors wish to bring to the attention of the Administrators, please provide this in writing to the Administrators.

VAT bad debt relief is now available in respect of all debts on supplies made on or after 1 April 1989, for which VAT was charged and accounted for to HM Revenue & Customs, which has been outstanding for a period of six months and is written off in the accounts. No further documentation is necessary.

Certain creditors may have a reservation of title claim over goods in the Company's possession. If creditors think they may have a claim please contact one of our duly authorised representatives, to make the necessary arrangements to pursue such a claim. Such claims should be supported by relevant documentation and an indication of how such stocks may be identified.

Please contact James Howie on (+44) (0) 20 7007 2216 should you have any queries regarding any of the above matters.

Please note that the Joint Administrators act as agents of the Company and contract without personal liability.

Yours faithfully
For and on behalf of the Company

Ian Colin Wormleighton
Joint Administrator

Enc Form 2 12B
Proof of Debt Form

Ian Colin Wormleighton and Neville Barry Kehn were appointed Joint Administrators of PPH1 Limited on 28 November 2013. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. The Joint Administrators are authorised by The Institute of Chartered Accountants in England and Wales in the UK to act as insolvency practitioners.

Rule 2.72

PROOF OF DEBT - GENERAL FORM

In the matter of PPH1 Limited
In Administration
and in the matter of The Insolvency Act 1986

Date of Administration 28 November 2013

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the administrator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Rule 2.72 PROOF OF DEBT - GENERAL FORM (CONTD)

Admitted to Vote for

£

Date

Administrator

Admitted preferentially for

£

Date

Administrator

Admitted non-preferentially for

£

Date

Administrator