

In accordance with Rule 3.61(1) of the Insolvency (England & Wales) Rules 2016 & Paragraph 84(8) of the Schedule B1 of the Insolvency Act 1986.

AM23

Notice of move from administration to dissolution



Companies House

SATURDAY



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21/12/2019

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COMPANIES HOUSE

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1 Company details

Company number 09115729

Company name in full Zinc Cobham 2 Limited

→ Filling in this form

Please complete in typescript or in bold black capitals.

2 Court details

Court name High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)

Court number 194 of 2018

3 Administrator's name

Full forename(s) Catherine

Surname Williamson

4 Administrator's address

Building name/number The Zenith Building

Street 26 Spring Gardens

Post town Manchester

County/Region

Postcode M2 1AB

Country United Kingdom

AM23

Notice of move from administration to dissolution

5	Administrator's name ①	
Full forename(s)	Daniel	
Surname	Imison	
		① Other administrator Use this section to tell us about another administrator.
6	Administrator's address ②	
Building name/number	6	
Street	New Street Square	
Post town	London	
County/Region		
Postcode	E C 4 A 3 B F	
Country	United Kingdom	
		② Other administrator Use this section to tell us about another administrator.
7	Final progress report	
<input checked="" type="checkbox"/> I have attached a copy of the final progress report		
8	Sign and date	
Administrator's signature	Signature X  X	
Signature date	d 2 0 m 1 2 y 2 0 y 1 9	

AM23

Notice of move from administration to dissolution



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Michael Watkin

Company name AlixPartners UK LLP

Address The Zenith Building

26 Spring Gardens

Post town Manchester

County/Region

Postcode M 2 1 A B

Country United Kingdom

DX

Telephone 0161 838 4500



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

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Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ❶
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Alastair

Surname Beveridge

3 Insolvency practitioner's address

Building name/number 6

Street New Street Square

Post town London

County/Region

Postcode E C 4 A 3 B F

Country United Kingdom

Administrators' Final Progress Report for the period 9 July 2019 to 20 December 2019

Zinc Hotels (Holdings) Limited and
its subsidiaries
In Administration

20 December 2019

Contents

1. Why this report has been prepared	1
2. Summary of information for creditors	2
3. Administrators' proposals	4
4. Progress of the Administrations	5
5. Unrealised assets	8
6. Investigations	9
7. Outcome for creditors	10
8. What happens next.....	12

Appendices

Appendix A.	Summary Group Structure
Appendix B.	Statutory information
Appendix C.	Receipts and Payments Account for the period 9 July 2019 to 20 December 2019 and a Cumulative Account for the period since appointment
Appendix D.	Administrators' fees
Appendix E.	Administrators' expenses and disbursements
Appendix F.	Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9

1. Why this report has been prepared

- 1.1 As you will be aware Ryan Grant, Alastair Beveridge and Catherine Williamson (the **Administrators**) were appointed Administrators of Zinc Hotels (Holdings) Limited (in Administration) (**ZHHL**) and a further 24 entities within the group on 9 January 2018 (together the **Companies**). A full list of entities and their abbreviations referred to in this report are provided in Appendices A and B, together with a Summary Group Structure.
- 1.2 Ryan Grant resigned as joint appointee on 22 March 2018 following his departure from AlixPartners UK LLP (**AlixPartners**) and Daniel Imison was appointed as joint appointee by block transfer on the same date. The change in appointees has not impacted the Administrations.
- 1.3 In accordance with UK insolvency legislation, an administrator is required to provide a progress report covering the period of six months commencing on the date on which a company entered into administration and every subsequent period of six months. This progress report covers the period 9 July 2019 to 20 December 2019 (the **Period**), and should be read in conjunction with the Statement of Proposals dated 2 March 2018 (the **Proposals**) and the previous progress reports.
- 1.4 This report has been prepared in accordance with rule 18.2 of the Insolvency (England and Wales) Rules 2016.
- 1.5 All matters in the Administrations have now been finalised and the purpose of this report is to provide a final update on the progress of the Administrations, including details of assets realised during the Period, details regarding the Administrators' fees and the outcome for each class of creditor. For details of the exit route please see section 8.
- 1.6 Details of the Administrators' fees and disbursements incurred are detailed at Appendices D to F.
- 1.7 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on AlixPartners' creditor portal (<https://www.alixpartnersinfoportal.com>). Log-in details to access this information can be found within the covering letter you have received.
- 1.8 If you require a hard copy of this report or have any queries in relation to the contents of this report, or the Administrations generally, please contact Melissa Fielding on 0161 838 4529, by email at creditorreports@alixpartners.com, or write to AlixPartners' office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

2. Summary of information for creditors

Dividend for creditors

Description	Debt £	Level of return £
Secured creditors	524.5 million	518.3 million
Unsecured creditors	2.4 million	88,874

Notes:

Secured creditors

The Companies granted fixed and floating charges to Glas Trust Corporation Limited (**GLAS**) in its capacity as security agent for the payment and satisfaction of secured liabilities owed to the lenders under a senior facility agreement (**SFA**) dated 11 November 2014 (as amended from time to time). Hayfin Opal III LP, Hayfin Opal Luxco 2 S.a.r.l., Hayfin Special Ops Luxco 2 S.a.r.l., Hayfin Topaz Luxco 3 SCA (together **Hayfin**), Bayerische Landesbank (**BLB**) and Fortress Credit Advisors LLC (**Fortress**) (together the **Secured Lenders**) and the hedging counterparties under certain retail price index and interest rate swaps hedging arrangements relating thereto (the **Hedging Counterparties**) are collectively referred to as the **Secured Parties**.

The estimated secured liabilities at the date of appointment were £519 million comprising £275 million term debt and £244 million hedging liabilities. The hedging liabilities were indicative only and subject to market movements. Since the date of the Administrators' appointment, the following movements have taken place to the Secured Parties' exposure:

- interest has continued to accrue on the term debt at a rate of approximately 6.5% (rates dependent on the London inter-bank offered rate);
- the hedging liabilities have been subject to market volatility. They were partially closed out at the point of sale of Kensington and fully closed out at the point of sale of the Regional Nine, both defined in paragraph 4.6;
- the Secured Parties have incurred legal costs in addressing various claims made against them. The costs incurred fall within the terms of their security; and
- interest has been paid on the hedging liabilities on a quarterly basis as it has accrued.

The level of return to the Secured Parties has been dependent on rental income received during the Administrations and the value of realisations achieved from the sale of the Companies' ten hotels, further details of which can be found in section 4.

Repayments totalling £518.3 million have been made over the course of the Administrations and further details are provided in section 7. No further distributions will be made.

Details regarding the security granted to the Secured Parties and the Administrators' strategy for the sale of the Companies' assets is provided throughout this, and in the previous reports.

Unsecured creditors

The Administrators received unsecured claims totalling £2,394,711 which were all believed to be liabilities of Zinc Hotels Limited (**ZHL**). During the Period, the Administrators distributed a first and final dividend in the sum of £88,874 to the unsecured creditors. The dividend rate in respect of the distribution to unsecured creditors of ZHL was 3.71 pence in the pound.

The Administrators' notice of declaration of a dividend can be found on AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>).

In respect of unsecured creditors, UK insolvency legislation stipulates that creditors of the same class should be treated equally. Hence the funds available for distribution were split on a pro-rata basis amongst all creditors of this class, regardless of the size of their claims.

For further information please refer to section 7 of this report.

3. Administrators' proposals

- 3.1 As a reminder, the administrator of a company must perform their functions with a view to achieving one of the following objectives:

Objective 1: rescuing the company as a going concern;

Objective 2: achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or

Objective 3: realising property in order to make a distribution to one or more secured or preferential creditors.

- 3.2 In these cases the Administrators pursued the second statutory objective. The strategy for achieving this objective was to realise the Companies' assets in order to make distributions to the Secured Lenders and unsecured creditors. Details of the actions taken by the Administrators to achieve this objective are provided in section 4 and the previous progress reports.
- 3.3 After accounting for the costs of the Administration, funds totalling £518.3 million have been distributed to the Secured Lenders and a dividend of 3.71 pence in the pound was paid to ZHL's unsecured creditors, thereby achieving the objective of the Administrations.

4. Progress of the Administrations

- 4.1 The Administrations have now been completed, all realisable assets have been realised and the proceeds distributed in accordance with the Insolvency Act 1986.
- 4.2 The Administrators' Receipts and Payments Account for the Period, together with a Cumulative Account for the period since appointment, is attached at Appendix C.
- 4.3 In addition to their statutory objective, the Administrators have duties imposed by insolvency and other legislation and their regulating professional bodies. In this report, the Administrators have set out information in respect of the fulfilment of these duties in addition to those relating to the realisation of assets and distribution of available funds. The detail provided is intended to provide users of this report with information to allow them to understand how the Administrators' fees and expenses as set out in Appendices D and E have been incurred, as well as the sensitivities that might be applicable to the Administrators' fees and expenses.

Realisation of assets – fixed charge

Hotels

- 4.4 As previously reported, Zinc Hotels Freeholds Limited (**ZHFL**) owned the freehold title to each of the hotels listed below (the **Hotels**). The legal interest in the 999 year long leasehold title to each of the Hotels was held by a number of subsidiary entities (defined in Appendix A as the **Leasehold Companies**) acting as bare trustees for ZHL, which held the beneficial interest in those long leasehold interests.
- 4.5 The Leasehold Companies granted occupational leases to Adda Hotels Limited and Puckrup Hall Hotel Limited, both indirect subsidiaries of Hilton Worldwide Holdings, Inc. (together the **Tenants**), with both paying rent to the Companies on a quarterly basis.
- 4.6 The Hotels detailed below were fixed charge assets and therefore realisations from the sale of the Hotels were captured by the security granted in favour of the Secured Parties and were not available to the general body of creditors.

Address of the Hotels

Cobham Hilton, Seven Hills Road South, Cobham, KT11 1EW
Croydon Hilton, 101 Waddon Way, Purley Way, Croydon, CR9 4HH
East Midlands Hilton, Junction 24, M1, Derby Road, Derby, DE74 2YW
Leeds City Hilton, Neville Street, Leeds, LS1 4BX
Northampton Hilton, 100 Watering Lane, Collingtree, Northampton, NN4 0XW
Nottingham Hilton, Milton Street, Nottingham, NG1 3PZ
Tewkesbury Hilton, Puckrup Hall, Puckrup, Tewkesbury, GL20 6EL
Watford Hilton, Elton Way, Watford, WD25 8HA
York Hilton, 1 Tower Street, York, YO1 9WD (together the **Regional Nine**)

Kensington Hilton, 179-199 Holland Park Avenue, London, W11 4UL (**Kensington**)

Kensington

- 4.7 As previously reported, a sale was completed on 25 September 2018 for £261.5 million to Kensington Cola Limited (the **Kensington Purchaser**).

Regional Nine

- 4.8 A sale of the Regional Nine was completed on 20 December 2018. Details of the respective purchasers and the associated realisations for each of the Regional Nine hotels is set out below:

Hotel location	Purchaser name	Sales price £m
Cobham	Zinc Cobham Hotels Limited	30.3
Croydon	Zinc Croydon Hotels Limited	22.3
Derby	Zinc East Midlands Hotels Limited	23.5
Leeds	Zinc Leeds Hotels Limited	38.5
Northampton	Zinc Northampton Hotels Limited	23.6
Nottingham	Zinc Nottingham Hotels Limited	20.0
Tewkesbury	Zinc Puckrup Hall Hotels Limited	17.7
Watford	Zinc Watford Hotels Limited	31.9
York	Zinc York Hotels Limited	38.2
Total		246.00

Rental income

- 4.9 As all the properties have been sold, no further rent has been received during the Period. Total rent received during the Administrations was £17.7 million.

Litigation and other potential claims

A. Claim against the Tenants for breach of lease (**Capex Claim**)

- 4.10 An order was received from the Court discontinuing this claim on 30 January 2019 and both sides covered their own costs. As previously reported, the Court has returned the surplus funds that the Administrators had paid over as security for costs.

B. Claim against the Administrators by the ultimate shareholder (**Unfair Harm Application**)

- 4.11 As previously reported, the Administrators were advised on 14 August 2018 that the Applicants had discontinued the Unfair Harm Application. The Administrators held a number of discussions in relation to cost liabilities associated with this action, including monies owed to the counterparty in respect of cost awards from early hearings. On 2 August 2019, an agreement was reached with the counterparty that no further funds would be paid from either party.

Realisation of assets – floating charge

Bank interest

- 4.12 In the Period, bank interest totalling £2,864 has been received across the fixed and floating accounts.

Administration (including statutory reporting)

- 4.13 In addition to their duties relating to realising and distributing the assets of the Companies, the Administrators must comply with certain statutory compliance matters in accordance with the Insolvency Act 1986, which includes preparing bi-annual reports to creditors advising on the progress of the Administrations. The Administrators were also responsible for liaising with HM Revenue and Customs (**HMRC**) to determine the final position in respect of corporation tax, VAT and other taxes that may be owed by or to the Companies, and for filing tax returns for the duration of the Administrations.
- 4.14 In order to ensure the matters of the Administrations were being progressed sufficiently, the Administrators had a duty to conduct periodic case reviews and complete case checklists. In addition, the Administrators' treasury function complied with cash accounting requirements including raising payments, processing journal vouchers and posting receipts, preparing bank reconciliations and statutory returns.
- 4.15 The time taken for statutory tasks is largely fixed, insofar as the cost of preparing a report to creditors or filing an annual return is similar for most cases, except where cases are very large or complex. Where the costs of statutory compliance and reporting to creditors exceeds the initial estimate, it will generally be because the duration of the case has been longer than expected, due to, for example, protracted realisation of assets, and therefore additional periodic reports have had to be prepared and distributed to stakeholders.

Creditors (claims and distribution)

- 4.16 Details of the outcome for creditors can be found in section 7.
- 4.17 The Administrators have issued regular updates to the Secured Lenders, providing information in relation to asset realisations and general progress in the Administrations in order to monitor the estimated outcome for each class of creditor on an ongoing basis.

5. Unrealised assets

- 5.1 All assets have now been realised and the Receipts and Payments Account at Appendix C reflects the final position on both realisations achieved and payments discharged during the course of the Administrations.

6. Investigations

- 6.1 The Administrators conducted investigations into the conduct of the directors and transactions entered into prior to the Companies' insolvencies, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the Administrators' investigations, there were no matters identified that required further action.

7. Outcome for creditors

Secured creditor – GLAS Trust Corporation Limited (as security agent under the SFA)

- 7.1 Each of the Companies granted a debenture over its assets to GLAS, acting as security agent on behalf of the Secured Parties, on 11 November 2014 in respect of the secured liabilities under the SFA and the hedging arrangements.
- 7.2 At the date of the appointments the Secured Parties were owed £519 million, on which interest and costs continued to accrue. This comprised approximately £275 million of term debt and £244 million of hedging liabilities and was detailed in the Proposals.
- 7.3 The Secured Parties have received distributions totalling £518.3 million. These distributions were made following receipt of rental income and completion of the property sales. This includes payments under certain facility agreements, supplemental facility agreements and the discharge of a number of associated costs (including legal and exit fees), as permitted under the terms of the security.

Preferential creditors

- 7.4 There are no known employees of the Companies therefore no preferential claims were expected. No preferential claims have been submitted to the Administrators.

Unsecured Creditors' Fund

- 7.5 Where there is a floating charge which was created on or after 15 September 2003, the Administrators are required to create a fund from the Companies' net property available for the benefit of unsecured creditors (**Unsecured Creditors' Fund**), commonly known as the 'Prescribed Part'.
- 7.6 Only ZHL had sufficient floating charge realisations by virtue of the cash at bank held at appointment. In respect of the other 24 companies in Administration, the value of each of these Companies' net property and Prescribed Part was nil.
- 7.7 The Administrators confirm that the value of ZHL's net floating charge property was £491,872, and the amount declared and distributed on 22 November 2019 was £88,874 (after taking into account the costs incurred in distributing a dividend) which represented a dividend rate of approximately 3.71 pence in the pound.

Unclaimed dividends

- 7.8 All cheques paid to unsecured creditors should be banked as soon as possible, and in any event must be banked within six months of the date of the cheque. Any cheques which have not cleared by 22 May 2020 will be cancelled and the proceeds will be forwarded to The Insolvency Service, Estate Accounts Directorate, Unclaimed Monies Team, PO Box 3690, Birmingham, B2 4UY.

- 7.9 If your cheque is cancelled on or after this date, please allow ten working days to pass before submitting a claim to The Insolvency Service. To make a claim, creditors should contact the Insolvency Service by email at:
CustomerServices.EAS@insolvency.gov.uk and put Zinc Hotels as the subject.
- 7.10 The transfer of responsibility to the Insolvency Service is a routine step which requires administrators of an insolvent company to transfer unclaimed dividends to the agency six months after the cheques were issued. The agency will hold the funds for the next six years, after which it will return any money that remains unclaimed to HM Treasury, however, this does not affect creditors' rights to claim funds after the six years has passed.

8. What happens next

Exit route

Dissolution of the Companies

- 8.1 The Companies had no property to permit a distribution to its unsecured creditors other than by way of the Unsecured Creditors' Fund in the case of ZHL only. The Administrators will therefore file notices, together with their final progress report, at court and with the Registrar of Companies for dissolution of the Companies. The Administrators will send copies of these documents to the Companies and their creditors. The appointments will end following the registration of the notices by the Registrar of Companies.

Discharge from liability

- 8.2 As approved by the secured creditors on 4 December 2019, the Administrators will be discharged from liability under paragraph 98 of schedule B1 of the Insolvency Act 1986 directly after their appointments as Administrators ceases to have effect.

Creditors' rights

- 8.3 Within 21 days of the receipt of the report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors in any of the Companies), may request in writing that the Administrators provide further information about their fees or expenses which have been itemised in this progress report.
- 8.4 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors), may, within eight weeks of receipt of this progress report, make an application to court on the grounds that the basis fixed for the Administrators' fees is inappropriate, or that the fees or the expenses incurred by the Administrators as set out in this progress report are excessive.

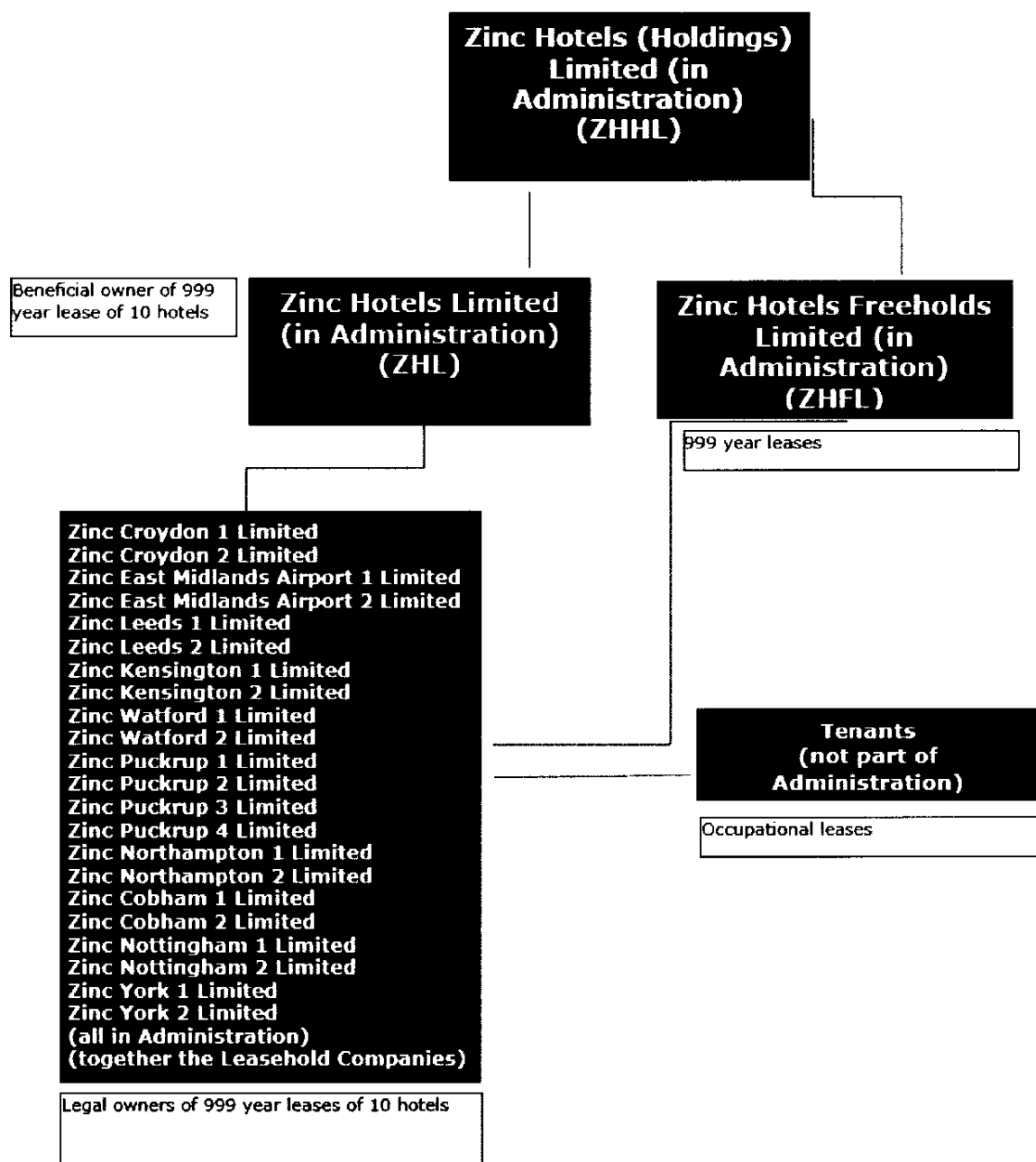
For and on behalf of
The Companies



Catherine Williamson
Administrator

Encs

Appendix A. Summary Group Structure



Appendix B. Statutory information

Company information

Company name and trading names	Company number	Court reference	Former address
Zinc Hotels Limited	09115606	212 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Hotels (Holdings) Limited	09115573	196 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Hotels Freeholds Limited	09229416	183 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Croydon 1 Limited	09115664	206 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Croydon 2 Limited	09115669	210 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc East Midlands Airport 1 Limited	09115655	198 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc East Midlands Airport 2 Limited	09115660	193 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Leeds City 1 Limited	09115735	191 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Leeds City 2 Limited	09115725	217 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc London Kensington 1 Limited	09115683	214 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc London Kensington 2 Limited	09115728	184 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Watford 1 Limited	09115731	201 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Watford 2 Limited	09115719	211 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Puckrup Hall 1 Limited	09115682	220 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW

Zinc Hotels (Holdings) Limited and its subsidiaries – in Administration (the **Companies**)

Company name and trading names	Company number	Court reference	Former address
Zinc Puckrup Hall 2 Limited	09115670	221 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Puckrup Hall 3 Limited	09115736	189 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Puckrup Hall 4 Limited	09115704	192 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Northampton 1 Limited	09115701	216 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Northampton 2 Limited	09115703	187 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Cobham 1 Limited	09115698	179 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Cobham 2 Limited	09115729	194 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Nottingham 1 Limited	09115737	209 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc Nottingham 2 Limited	09115734	190 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc York 1 Limited	09115939	182 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW
Zinc York 2 Limited	09115916	208 of 2018	c/o Rees Pollock, 35 New Bridge Street, London, EC4V 6BW

The below information applies to all of the Companies:

Item	Details
Registered office	c/o AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Court details	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List

Appointor's information

Name	Address	Position
GLAS Trust Corporation Limited	45 Ludgate Hill, London, EC4M 7JU	Floating charge holder

Administrators' information

Name	Address	IP number	Name of authorising body
Alastair Paul Beveridge	AlixPartners, 6 New Street Square, London, EC4A 3BF	8991	Insolvency Practitioners Association
Daniel Christopher Imison	AlixPartners, 6 New Street Square, London, EC4A 3BF	13434	Insolvency Practitioners Association
Catherine Mary Williamson	AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	15570	Insolvency Practitioners Association

Ryan Grant resigned as joint appointee on 22 March 2018 following his departure from AlixPartners and Daniel Imison was appointed as joint appointee by block transfer on the same date. The change in appointees has not impacted the Administrations.

In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

Extension of Administrations

As previously reported, the Administrations were extended for a period of 12 months with the consent of the Court. The Administrations were due to expire on 9 January 2020.

Appendix C. Receipts and Payments Account for the period 9 July 2019 to 20 December 2019 and a Cumulative Account for the period since appointment

Statement of Affairs £	Period £	Cumulative £
Fixed charge assets		
Receipts		
Bank interest	1,787	51,889
Contribution to costs	-	2,090,279
* Freehold land and property - Kensington	-	261,500,000
* Freehold land and property - Regional 9:		
Cobham	-	30,301,076
Croydon	-	22,298,175
Derby	-	23,498,610
Leeds	-	38,504,048
Northampton	-	23,598,647
Nottingham	-	19,997,341
Puckrup Hall	-	17,696,508
Watford	-	31,901,656
York	-	38,203,940
Legal fees - adverse costs award	-	638,623
Rental income	-	17,747,777
Security for costs	-	121,094
	1,787	528,149,662
Payments		
Administrators' fees and disbursements	32,773	2,618,569
Agent's/valuer's fees and disbursements	-	3,208,846
Bank charges	17	1,294
** Nottingham car park rent	-	15,105
Counsel fees	-	465,567
GLAS agency fee	-	22,624
IT costs	-	7,359
Legal costs - adverse costs award	-	98,006
Legal fees and disbursements	40,636	3,771,535
SWAP costs	-	22,000
Insurance of assets	-	2,766
	(73,426)	(10,233,671)
Distributions		
Secured Parties	996,922	517,915,991
	(996,922)	(517,915,991)
Balance of fixed charge assets	(1,068,561)	-

Notes:

* The directors' Statement of Affairs indicated an estimated to realise value of £600m - £1,000m for all properties. Total realisations in respect of all properties was £507,500.

** The car park rent has been paid to the landlord by the Administrators, however, has been recharged to the tenant through the rental income.

Zinc Hotels (Holdings) Limited and its subsidiaries – in Administration (the **Companies**)

Statement of Affairs £	Period £	Cumulative £
Floating charge assets		
Receipts		
Bank interest	1,077	3,363
9,582,993 Cash at bank	-	984,289
	1,077	987,653
Payments		
Bank charges	-	35
Category 1 disbursements:		
Statutory advertising	700	1,377
Storage costs	289	289
Counsel fees	-	107,095
Legal fees	-	320,552
Administrators' fees	54,933	54,933
SWAP valuation	-	24,000
	(55,922)	(508,281)
Distributions		
Unsecured creditors:		
3.71p/£, 22/11/2019	88,874	88,874
Floating charge distribution	390,498	390,498
	(479,372)	(479,372)
Balance of floating charge assets	(534,217)	-
Total balance	(1,602,778)	-

ZHHL, ZHFL and Leasehold Companies

The above account is for ZHL only, as it is the only entity with activity. Therefore, the receipts and payments accounts for ZHHL, ZHFL and the Leasehold Companies are all nil.

Appendix D. Administrators' fees

Fees

A copy of 'A Creditors' Guide to Administrations' can be downloaded from AlixPartners' creditor portal (<https://www.alixpartnersinfoportal.com>). If you would prefer this to be sent to you in hard copy please contact the Administrators and they will forward a copy to you.

Approval of the Administrators' fees has been sought in accordance with insolvency legislation. On 25 May 2018 the Secured Parties approved that the basis of the Administrators' fees be fixed in accordance with the terms set out in the Proposal as follows:

- **ZHHL, ZHL and ZHFL** - as a combination of the following bases:
 - by reference to the time properly spent by the Administrators and their staff on matters arising in the Administrations in respect of all matters, save for time spent in relation to the realisations associated with the sale of the Hotels; and
 - as a percentage of the gross value realised from the sales of the Hotels, being 0.25%.
- **The Leasehold Companies:** set amount (fixed fee) of £10,000 plus VAT for each of the 22 entities for the first year of the Administrations.

In the first year (to period ending 8 January 2019), fees totalling £2.5 million plus disbursements have been drawn. A breakdown of these billings per entity alongside the year 1 fee estimates is below:

Company/workstream	Fee estimate (year 1)	Billed £
ZHL – statutory	50,000	50,000
ZHL – litigation	130,000	130,000
Other litigation	-	782,945
ZHHL	50,000	50,000
ZHFL	50,000	50,000
Leasehold companies (x22)	220,000	220,000
Sale of business	1,268,750	1,165,000
Administrators' disbursements	-	11,681
Total:	1,768,750	2,459,626

The Administrators can confirm that the fixed fees for year 1 have been utilised and billed in full for the Leasehold Companies (agreed at £10,000 per entity).

The fees in respect of other litigation, for which no provision was made in the original fee estimate, relate to litigation in regard to legal action threatened and subsequently conducted against the Administrators. As the class of creditors approving the Administrators' fees was the Secured Parties, the Administrators requested and received approval for the increases in fees estimated from them directly.

Administrators' fee estimates (year 1)

ZHHL, ZHL and ZHFL

Details of the work that the Administrators envisaged being required to undertake to achieve their objectives, and to comply with the statutory and regulatory duties that are imposed upon them as a consequence of their appointment are set out in section 4 and in previous reports.

The anticipated amount of work and the costs associated with the Administration matters for the first-year post appointment, except for time spent in relation to the realisations associated with the sale of the Hotels, were set out in the Proposals as follows:

ZHHL	Hours anticipated	Blended rate per hour £	Anticipated cost £
Activity category			
Trading	5.3	520	2,756
Realisation of assets (excluding Hotels)	11.1	479	5,321
Administration (including statutory reporting)	57.5	479	27,565
Investigations	15.0	372	5,586
Creditors (claims and distribution)	22.1	372	8,230
Other matters	1.5	372	542
Total	112.5	445	50,000

Note: this ZHL estimate included a £50,000 statutory element and £130,000 for litigation work.

ZHL	Hours anticipated	Blended rate per hour £	Anticipated cost £
Activity category			
Trading	60.7	509	30,904
Realisation of assets (excluding Hotels)	74.4	403	29,963
Administration (including statutory reporting)	152.8	542	82,776
Investigations	25.0	372	9,310
Creditors (claims and distribution)	59.1	372	21,970
Other matters	13.6	372	5,077
Total	386	467	180,000

Zinc Hotels (Holdings) Limited and its subsidiaries – in Administration (the **Companies**)

ZHFL			
Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Trading	5.8	520	3,016
Realisation of assets (excluding Hotels)	11.3	481	5,431
Administration (including statutory reporting)	58.1	481	27,926
Investigations	15.0	372	5,586
Creditors (claims and distribution)	17.4	372	6,480
Other matters	4.2	372	1,561
Total	111.8	447	50,000

These fee estimates applied to year 1 only for the Administrations. Further information in respect of fee estimates and billings for year 2 is provided overleaf.

Year 2 fee estimate

At the date of the last report, as the year 1 fee estimates had been utilised in full, the Administrators considered that a revised fee estimate for year 2 was required in order to complete their duties. This was due to the following reasons and was reported in previous reports:

- **Capex Claim** – whilst the Administrators were aware of the claim when the Proposals were issued, the strategy was dependant on the outcome of the sales of the Hotels. As sales of the Hotels progressed, the decision was taken to continue to pursue the appeal to have specific performance reinstated as a remedy. The matter was progressed through the Court and a settlement position reached with the counter-party. This resulted in the release of £120,000 into the estate.
- **Unfair Harm Application and other litigation claims** – action against the Administrators was not budgeted for when the Proposals were prepared. In addition, action against other stakeholders, including the Tenants, was still being discussed at the issuance of the Proposals. Since then action has been commenced by parties connected to the Companies, albeit not by the Companies themselves.
- **Statutory matters** – the Administrators will need to remain in office and tend to a number of statutory matters which includes reporting to all creditors, maintaining communications with the Secured Parties and continuing to ensure that all statutory duties are complied with.

The Administrators considered that further costs in relation to the Capex Claim and Unfair Harm Application may continue to be incurred in line with the strategies outlined in section 4 and in previous reports. These costs were approved and paid by the Secured Parties and would not require approval from unsecured creditors.

In the second year post appointment, statutory costs were expected to be £74,000. The Administrators' costs in respect of ongoing litigation was uncertain, and (depending on the level of work required) the Administrators estimated that these costs may exceed £100,000.

As previously stated, the creditors responsible for approving the Administrators' fees, and any increase in fee estimates, are the Secured Lenders. The Administrators therefore sought fee approval of the required increase from them directly and this was approved by the Secured Lenders. A summary of the remuneration drawn for year 2 to date is provided below:

Company/workstream	Fee estimate (year 2)	Billed £
ZHL – statutory	10,000	10,000
ZHL – litigation	100,000	84,878
Other litigation	-	49,933
ZHHL – statutory	10,000	10,000
ZHFL – statutory	10,000	10,000
Leasehold companies	44,000	49,000
Administrators' disbursements	5,000	5,000
Total:	179,000	213,811

The fees in respect of other litigation, for which no provision was made in the original fee estimate, relate to litigation in regard to legal action threatened and subsequently conducted against the Administrators. As the class of creditors approving the Administrators' fees is the Secured Parties, the Administrators requested and received approval for the increases in fees estimated from them directly.

Administrators' details of time spent to date

The Administrators' time costs are detailed below for the Period, together with the Cumulative, per company and work stream.

ZHL

Activity category	Hours incurred	Average rate per hour £	Time cost for the Period £	Cumulative time costs £
Trading	-	-	-	12,465
Realisation of assets	-	-	-	12,078
Administration (including statutory reporting)	1.0	640	640	35,047
Investigations	-	-	-	381
Creditors (claims and distribution)	-	-	-	670
Total	1.0	640	640	60,641

ZHHL

Activity category	Hours incurred	Average rate per hour £	Time cost for the Period £	Cumulative time costs £
Trading	-	-	-	617
Realisation of assets	-	-	-	4,610
Administration (including statutory reporting)	-	-	-	46,225
Investigations	-	-	-	5,487
Creditors (claims and distribution)	-	-	-	3,060
Total	-	-	-	59,999

ZHFL

Activity category	Hours incurred	Average rate per hour £	Time cost for the Period £	Cumulative time costs £
Trading	-	-	-	876
Realisation of assets	-	-	-	4,832
Administration (including statutory reporting)	-	-	-	47,580
Investigations	-	-	-	4,032
Creditors (claims and distribution)	-	-	-	2,216
Total	-	-	-	59,536

Leasehold

Activity category	Hours incurred	Average rate per hour £	Time cost for the Period £	Cumulative time costs £
Trading	-	-	-	15,481
Realisation of assets	0.5	288	151	25,325
Administration (including statutory reporting)	36	428	14,203	218,156
Investigations	-	-	-	8,063
Creditors (claims and distribution)	4.7	505	1,817	9,204
Total	41.2	392	16,171	276,229

Sale of business

Activity category	Hours incurred	Average rate per hour £	Time cost for the Period £	Cumulative time costs £
Total	-	-	-	1,122,087

Capex Claim

Activity category	Hours incurred	Average rate per hour £	Time cost for the Period £	Cumulative time costs £
Total	-	-	-	336,868

Unfair Harm Application and other litigation claims

Activity category	Hours incurred	Average rate per hour £	Time cost for the Period £	Cumulative time costs £
Total	36.8	359	13,217	712,712

Note: In the Period the Administrators have completed a reconciliation of time incurred across all work streams which has resulted in a number of time re-allocations. Total time per work stream (and entity) may have changed from the last report due to this re-allocation exercise.

Appendix E. Administrators' expenses and disbursements

Expenses of the Administrations

The table below details the expenses anticipated to be incurred by third parties whilst dealing with the Administrations, as set out in the Proposals.

	Anticipated cost £
Legal costs	£2 million - £2.4 million
Agents' fees	0.65-0.75% of realisations
Tax advice	£20,000 - £40,000
Insurance	£3,000-£5,000
Data room	£5,000 - £15,000
Total	2 million – 2.5 million

Current position of Administrators' expenses

An analysis of the costs paid during the course of the Administrations is provided below.

	Paid in the Period £	Total cost £
Legal costs	40,636	4,190,093
Counsel fees	-	465,567
Agents' fees*	-	3,208,846
Insurance	-	2,766
Total	40,636	7,867,272

*Note: Within agents' fees and following the completion of the Regional 9 sales process, the Administrators were committed to paying the costs of the unsuccessful bidders. This cost is included here.

The costs of property agents are linked to the sale of the Hotels and are detailed in the property disposal line. The basis of their fees is set out in Appendix F.

Administrators' disbursements

A copy of the analysis of anticipated disbursements previously provided is set out below. The actual expenses may be found in the Receipts and Payments Account at Appendix C.

	Anticipated cost £
Category 1 disbursements:	
Specific penalty bond	1,335
Statutory advertising	700
Travel and subsistence	5,000
Storage	500
Stationery and postage	100
Total	7,635

Appendix F. Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9

Policy

Detailed below is AlixPartners' policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

Staff allocation and the use of sub-contractors

The Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The case team will usually consist of a managing director, a director or senior vice president, a vice president and a consultant. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule overleaf provides details of all grades of staff.

With regard to support staff, time spent by treasury staff in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Administrators have not utilised the services of any sub-contractors in these cases.

Professional advisors

On these assignments the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangements with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Ashurst LLP (legal advice)	Hourly rate and disbursements
Burges Salmon LLP (legal advice)	Hourly rate and disbursements
Freshfield Bruckhaus Deringer LLP (legal advice)	Hourly rate and disbursements
Willis Tower Watson Limited (insurance)	Risk based premium
Imprima iRooms Limited (IT data room)	Fee based on data usage and disbursements
PMC Treasury Limited (SWAP advice)	Fixed fee
Pegasus Capital Advisors (SWAP advice)	Fixed fee
Arcadis (UK) Limited (building design and consultancy)	Hourly rate and disbursements
Michels & Taylor (property management)	Hourly rate and disbursements
Jones Lang LaSalle (property)	Percentage of realisations

Christie & Co (property)	Fixed fee
Savills UK (property)	Percentage of realisations

The Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case e.g. postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Administrators and their staff will also be chargeable.

Category 2 disbursements do require approval prior to being paid and will be drawn in accordance with the approval given, they may include business mileage for staff travel - charged at the rate of 45 pence per mile.

Charge-out rates

A schedule of AlixPartners' charge-out rates for this assignment effective from 1 January 2019 is detailed below. Time is charged by managing directors and case staff in units of six minutes.

Description	Rates from 1 January 2019 £
Managing director	735
Director	640
Senior vice president	540
Vice president	395-485
Consultant	220-330
Treasury and support	115-260

Appendix G. Exit routes and discharge from liability

Extension

The Administrations were due to end automatically on 9 January 2019, however it was not possible to conclude all outstanding matters prior to this date. The Administrators sought the approval of the Court, with the agreement of the Secured Parties, for an extension to the Administrations for a period of 12 months in accordance with paragraph 76 of schedule B1 of the Insolvency Act 1986. A court application was filed and on 12 December 2018, the Court granted the requested extensions. The Administrations were due to expire on 9 January 2020.

Dissolution

The Administrators formed the opinion that other than the funds available to unsecured creditors of ZHL by virtue of the Prescribed Part, the other companies did not have property to permit a distribution to their unsecured creditors.

The Administrators have distributed the Unsecured Creditors' Fund available to unsecured creditors of ZHL; therefore, the Administrators will file notices together with their final progress report at court and with the Registrar of Companies for the dissolution of the Companies. The Administrators will send copies of these documents to the Companies and their creditors. The Administrations will end following the registration of the notices by the Registrar of Companies.

Discharge from liability

The Administrators received approval for their discharge from liability from the Secured Lenders on 4 December 2019. The Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointments as Administrators cease to have effect.