Rule 1.29/1.54

The Insolvency Act 1986

R.1.29/ R.1.54

Notice to Registrar of Companies of Completion or Termination of Voluntary Arrangement

Pursuant to Rule 1.29 or Rule 1.54 of the Insolvency Rules 1986

To the Registrar of Companies

For Official Use

Company Number

03224406

(a) Insert full name of Company

Name of Company

LA Fitness Limited

(b) Insert full name and Address

We Matthew David Smith and Neville Barry Kahn
Deloitte LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WA

(c) Insert date

(d) Delete as applicable

the supervisors of a voluntary arrangement which took effect on 24 March 2014 enclose a copy of our notice to the creditors and members of the above-named company that the voluntary arrangement has been completed, together with a report of our receipts and payments.

Signed [signature]

Date 17 March 2017

Presenter's name, address and reference (if any)

LAFI00L
LA Fitness Limited

Matthew David Smith
Deloitte LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WA

For Official Use

Liquidation Section | Post Room

FRIDAY

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A30 07/04/2017 #350

COMPANIES HOUSE

Deloitte.

LA Fitness Limited
(subject to Company Voluntary Arrangement)
("the Company")

Court Case No. 287 of 2014
High Court of Justice, Chancery Division, Leeds District Registry
Company Number: 03224406

Registered Office: c/o Pure Gym Limited, Town Centre House, Leeds, LS2 8LY

Final Progress report to creditors and court pursuant to Rule 1.29 of the Insolvency Rules 1986 (as amended) ("the Rules").

Matthew David Smith and Neville Barry Kahn ("the Joint Supervisors") were appointed Joint Nominees of LA Fitness Limited on 5 March 2014 and were subsequently appointed Joint Supervisors following meetings of members and creditors held on 24 March 2014.

All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

For the purposes of Rule 1.22 of the Insolvency Rules 1986, the Joint Supervisors confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

31 March 2017

Key messages

Joint Supervisors of the Company

Matthew David Smith

Neville Barry Kahn

Deloitte LLP

PO Box 810

66 Shoe Lane

London

EC4A 3WA

Contact details

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Tel: 0121 695 5049

	Commentary
Implementation of the Proposal	• The financial restructuring detailed in the directors' Proposal has been effected. • The Company failed to exceed the Target EBITDA as set out in the CVA Proposal for the financial periods to 31 October 2015 and 31 October 2016, and as such, no additional amounts (above the minimum levels) were paid into the Compromised Lease Fund or Compromised Guarantee Fund. • Final dividends were declared and paid for both the Compromised Lease Fund creditors and the Compromised Guarantee Fund creditors on 23 January 2017. • On 17 March 2017 the arrangement was fully completed.
Progress of CVA since last report	• The final date for the submission of claims, as set out in the Proposal, was 30 September 2016 and the Joint Supervisors agreed all claims received at that date. • Additional steps were taken to contact those landlords who had not submitted claims and any further claims received were adjudicated upon. • The amount realised from the CVA contributions totalled £15,000 into the Compromised Lease Fund and £15,000 into the Compromised Guarantee Fund in line with the CVA Proposal. • On 23 January 2017, final dividends were declared and paid for both the Compromised Lease Fund and the Compromised Guarantee Fund.
Costs	• The basis of the Joint Supervisors' remuneration was fixed on a time costs basis. • Time costs of £46,522 have been incurred in the report period, bringing the Joint Supervisors' total time costs to £78,729, of which £75,000 has been drawn and paid. Further detail on the Joint Supervisors' remuneration can be found on page 9. • The Joint Nominees' fee of £25,000 was approved as part of the directors' Proposal and ratified at the meetings of creditors and members held on 24 March 2014. This sum has been paid in full.
Outstanding matters	• Following the circulation of this report, there are no further actions. • The arrangement has been successfully implemented and the Joint Supervisors will vacate office on filing of their final report with the Court and the Registrar of Companies.
Outcome for Creditors	• Following the financial restructuring, the secured debt has been compromised and reduced to £40,000,000. This debt was subsequently repaid following the sale of the Company to Pure Gym Limited. • Employees continued to be paid in full by the Company. • Unsecured creditors, excluding landlords, continued to be paid in full. • Landlord claims were significantly lower than anticipated. A final dividend was paid to the Compromised Landlords of the Company of 81.37p in the £, for the claims received. • A final dividend was paid to the LA Leisure Limited Compromised Landlords, for whom the Company acted as a guarantor, of 0.29p in the £. • No further dividends will be paid.

Completion of the CVA

Completion of the CVA
Summary

Completion of the CVA

- The financial restructuring detailed in the directors' Proposal has been effected. MOP Acquisitions (LAF) Limited, the former parent company, transferred all of its shares in the Company to a new parent company ("Newco") majority owned by the Group's senior lenders or their affiliates. In return, Newco assumed liability for the senior debt of approximately £75,000,000 held by MOP Acquisitions (LAF) Limited *and its subsidiaries ("the Group"). Immediately* following the transfer of shares, the debt was compromised and reduced to £40,000,000.
- The Company made payments into the Compromised Lease Fund and the Compromised Guarantee Fund on 12 December 2016. These each comprised the minimum contribution of £15,000.
- The Compromised Lease Fund is for the benefit of each of the Compromised Landlords (as defined in the directors' Proposal). The Compromised Guarantee Fund is for the benefit of Guarantee Holding Landlords (as defined in the directors' Proposal).
- The Company failed to exceed the Target EBITDA as set out in the CVA proposal for the financial period to 31 October 2015 and for the financial period to 31 October 2016, and as such, no additional amounts were paid into the Compromised Lease Fund or Compromised Guarantee fund.
- On 23 January 2017, the Joint Supervisors paid a final dividend to all landlords who have proved their debt in the respective funds.

Completion of the CVA

Receipts and payments

Joint Supervisors' Final Receipts and Payments account
24 March 2014 to 17 March 2017

£	SoA values	Notes	Period	To date
Receipts				
CVA Contribution - Compromised Lease Fund	15,000		15,000	15,000
CVA Contribution - Compromised Guarantee Fund	15,000		15,000	15,000
Total receipts	30,000		30,000	30,000
Payments				
Distribution to Compromised Landlords			15,000	15,000
Distribution to Compromised Guarantors			15,000	15,000
Total payments			30,000	30,000
Balance				-

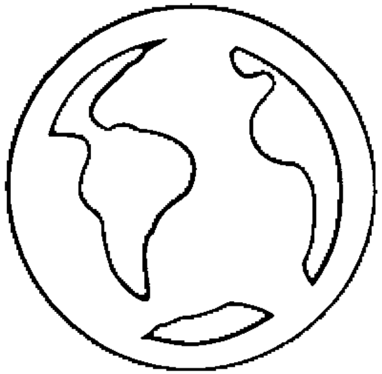
- A final receipts and payments account is provided opposite. We are required to provide details of transactions for the entire period of the CVA and also for the period since our last report.
- The only asset realisations during the period were the receipts of funds into the Compromised Guarantee Fund and the Compromised Lease Fund of £15,000 each.
- All of these funds have been distributed by way of dividends to Compromised Guarantors and Compromised Landlords in line with the Proposal.
- The Joint Supervisors' fees were paid directly by the Company.

Estimated future realisations

- No further realisations are due or expected.

Information for creditors

Outcome and information to assist creditors 7



Information for creditors

Outcome for creditors

Secured creditors

- Per the directors' Statement of Affairs, the Group's total secured debt as at 31 January 2014 was £128,800,000 comprising £75,000,000 of senior debt and £53,800,000 of mezzanine debt.
- Following the debt restructuring detailed in the directors' Proposal, the total secured debt was reduced to £40,000,000. This was subsequently repaid following the sale of the Company to Pure Gym Limited.

Preferential creditors

- There are no preferential creditors as all employees continued to be paid in full.

Unsecured creditors

- The CVA did not seek to compromise the claims of unsecured creditors, other than certain landlords, which amounted to £51,148,000 as at 31 January 2014. Unsecured creditors, save for landlords, were paid in the normal course of business in accordance with the directors' Proposal.

Compromised Landlords

- Despite the Company's records suggesting that total Compromised Landlord claims would be £18,693,044, the Joint Supervisors received claims of only £18,435. This is despite numerous attempts being made to contact landlords via telephone, post and email to encourage them to submit a claim. Much of this was due to mitigation of claims through re-lettings.

- A final dividend was paid to the Compromised Landlords of the Company in the sum of 81.37p in the £ on 23 January 2017.

Compromised Guarantors

- Despite the LA Leisure Limited records suggesting that total landlord claims for which the Company acted as guarantor would be £21,448,807, the Joint Supervisors received claims of £5,132,982. This is despite numerous attempts being made to contact landlords via telephone, post and email to encourage them to submit a claim.

- A final dividend was paid to the Compromised Guarantors of the Company in the sum of 0.29p in the £ on 23 January 2017.

Successful Implementation of the Proposal

- On the 23 January 2017, final dividends were declared and paid as outlined in the Proposal.
- On 17 March 2017, the arrangement was fully completed.

Exit

- The Joint Supervisors have filed the necessary notices with the Registrar of Companies and the Court to enable them to vacate office.

Remuneration and expenses

Remuneration and expenses

Joint Supervisors' remuneration

Joint Supervisors' remuneration

- The Joint Nominees' fee of £25,000 was approved as part of the directors' Proposal and ratified at the meetings of creditors and members held on 24 March 2014. This has been paid in full.
- The basis of the Joint Supervisors' remuneration was approved on a time costs basis as part of the directors' Proposal and ratified at the meetings of creditors and members held on 24 March 2014. As previously advised time is charged in six minute units.
- At the date of the meetings of creditors and members, it was estimated that the time costs for the Supervisor stage of the CVA would amount to £75,000.
- No remuneration has been drawn from the estate and is accordingly not shown in the receipts and payments account.

Joint Supervisors' time costs – work undertaken

- A detailed breakdown of the time costs incurred by the Joint Supervisors and their staff during the period from 24 March 2016 to 17 March 2017 is shown on the following page. A breakdown of the time costs incurred during the whole period of appointment is shown on page 11.
- The Joint Supervisors' time costs for the period of this report are £46,552 made up of 130.6 hours at an average charge-out rate of £356.45 per hour, across all grades of staff.
- The Joint Supervisors' time costs from the date of their appointment to 17 March 2017 are £78,729 made up of 200.8 hours at an average charge-out rate of £392.07 per hour, across all grades of staff.
- The work undertaken has been categorised into the following task headings:

Administration and planning

- Includes preparation and attendance at the CVA meeting, preparing the Chairman's report, case set-up and management, statutory compliance, appointment notifications and correspondence.

Creditors

- Includes creditor communications and adjudicating landlord's claims.

No fees have been drawn during the period of this report.

Total fees of £75,000 have been received (directly from the Company) during the CVA.

Remuneration and expenses - Joint Supervisors' time costs for the period 24 March 2016 to 17 March 2017

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.

	Partners & Directors		Assistant Directors		Managers		Assistant Managers		Assistants & Support		TOTAL		Average rate/h
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Administration and Planning													
Cashiering and Statutory Filing	-	-	-	-	0.10	54.50	2.90	1,000.50	0.40	86.00	3.40	1,141.00	335.59
Case Management and Closure	4.50	3,705.00	3.20	1,637.50	11.90	5,194.00	0.30	101.50	37.20	8,237.75	57.10	18,875.75	330 57
Initial Actions	-	-	-	-	-	-	-	-	3.20	679.00	3.20	679.00	212.19
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-	-	-	-	-
General Reporting	1.00	845.00	2.00	1,400.00	16.95	7,414.25	-	-	13.35	3,125.25	33.30	12,784.50	383.92
	5.50	4,550.00	5.20	3,037.50	28.95	12,662.75	3.20	1,102.00	54.15	12,128.00	97.00	33,480.25	345.16
Creditors													
Employees	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferential	-	-	-	-	-	-	-	-	-	-	-	-	-
Secured	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured	3.00	2,340.00	0 50	257.50	17.80	7,830.00	-	-	12.30	2,644.50	33.60	13,072.00	389 05
	3.00	2,340.00	0.50	257.50	17.80	7,830.00	-	-	12.30	2,644.50	33.60	13,072.00	389.05
TOTAL HOURS & COST	8.50	6,890.00	5.70	3,295.00	46.75	20,492.75	3.20	1,102.00	66.45	14,772.50	130.60	46,652.25	356.45
AVERAGE RATE/HOUR PER GRADE		£ 810.59		£ 578.07		£ 438.35		£ 344.38		£ 222.31			

Remuneration and expenses - Joint Supervisors' time costs for the period 24 March 2014 to 17 March 2017

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.

	Partners & Directors		Assistant Directors		Managers		Assistant Managers		Assistants & Support		TOTAL		Average rate/h
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Administration and Planning													
Cashiering and Statutory Filing	-	-	-	-	0.30	154.50	3.80	1,365.00	2.00	565.50	6.10	2,085.00	341.80
Case Management and Closure	11.80	10,377.00	4.60	2,372.50	12.50	5,493.00	1.50	606.50	50.30	12,128.00	80.70	30,979.00	383.88
Initial Actions	4.00	3,400.00	-	-	7.50	3,712.50	-	-	8.95	2,059.00	20.45	9,171.50	448.48
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-	-	-	-	-
General Reporting	3.80	3,334.50	2.00	1,400.00	21.95	9,939.25	-	-	28.25	7,610.25	56.00	22,284.00	397.93
	19.60	17,111.50	6.60	3,772.50	42.25	19,299.25	5.30	1,973.50	89.50	22,362.75	163.25	64,619.50	395.22
Creditors													
Employees	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferential	-	-	-	-	-	-	-	-	-	-	-	-	-
Secured	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured	3.50	2,730.00	0.50	257.50	17.80	7,830.00	-	-	15.75	3,391.50	37.55	14,209.00	378.40
	3.50	2,730.00	0.50	257.50	17.80	7,830.00	-	-	15.75	3,391.50	37.55	14,209.00	378.40
TOTAL HOURS & COST	23.10	19,841.50	7.10	4,030.00	60.05	27,129.25	5.30	1,973.50	106.25	25,754.25	200.80	78,728.50	392.07
AVERAGE RATE/HOUR PER GRADE		£ 858.94		£ 567.61		£ 451.78		£ 372.36		£ 244.70			
FEES DRAWN												75,000.00	

Remuneration and expenses
Detailed information

Charge out rates

Restructuring Services charge out rates (£/hour)

Grade	From 1 Sep 2016
Partners & Directors	660 - 1,045
Assistant Directors	515 - 790
Managers	440 - 710
Assistant Managers	335 - 565
Assistants & Support	80 - 335

The average charge out rates applicable to this case are shown on page 10 and 11. Charge out rates last increased on 1 September 2016.

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, Financial Advisory or Deloitte Real Estate may be required on the case. 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 claims agreed. Time is charged in six minute units.

Remuneration and expenses
Detailed information

Disbursements

Category 1

These are payments made by us direct to third parties and for which no approval is required.

Category 2

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can be drawn.

Our disbursements are summarised in the tables below.

Category 1 disbursements

£ (net)	Value	Paid	Unpaid
Stationary	96.00	-	96.00
Postage	304.00	-	304.00
Total expenses	**400.00**	-	**400.00**

Our disbursements incurred during the Supervisor phase of the CVA have not been paid and will be written off.

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 us to provide additional information regarding remuneration or expenses to that already supplied within this report. 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), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2.109 of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

Deloitte.