

The Insolvency Act 1986

Administrator's progress reportName of Company
Target PIL Core LimitedCompany number
04108922In the High Court of Justice
Chancery Division
Companies CourtCourt case number
2476 of 2008

We James J Gleave, Alastair P Beveridge and Simon J Appell of

Kroll
10 Fleet Place
London
EC4M 7RB

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

from

to

27 March 2008

26 September 2008

Signed


Joint Administrator

Dated

22 October 2008

Contact Details:

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

Jessica Geddes

Kroll
Wellington Plaza
31 Wellington StreetLeeds
LS1 4DL

Tel 0113 386 0850

DX Number

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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COMPANIES HOUSE

Notice of conduct of business by correspondence

Name of Company

Target PIL Core Limited

Company number

04108922

In the
High Court of Justice, Chancery Division
Companies Court

Court case number

2476 of 2008

Notice is hereby given by Simon Jonathan Appell, Alastair Paul Beveridge and James John Gleave of Kroll, 10 Fleet Place, London, EC4M 7RB to the creditors of Target PIL Core Limited whose registered office is at 10 Fleet Place, London, EC4M 7RB that pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, below are two resolutions for your consideration. Please indicate whether you are in favour or against these resolutions.

This form must be received at Kroll, Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL by 12 00 hours on 14 November 2008 in order to be counted. It must be accompanied by details in writing of your claim. Failure to do so will lead to your vote(s) being disregarded.

Resolutions (* delete as appropriate)

- 1 Under Rule 2 106 of the Insolvency (Amendment) Rules 2003 and in the absence of a Creditors' Committee, the remuneration of the Joint Administrators be fixed by reference to time properly spent by them and their staff in attending to matters arising from the Administration **I am *in Favour / Against**
- 2 In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the Joint Administrators be authorised to draw remuneration as and when funds are available on account of their time costs **I am *in Favour / Against**

To be completed by the creditor when returning the form

Name of creditor _____

Signature of creditor _____

(If signing on behalf of creditor, state capacity e.g. director/solicitor) If you require any further details or clarification prior to returning your votes, please contact me / us at the address above.

Signed _____

James John Gleave
Joint Administrator

Dated 21 October 2008

**Joint Administrators'
Progress Report**

**For the Period
27 March 2008 to 26 September 2008**

**Target PIL Core Limited - In
Administration**

21 October 2008

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CONTENTS

- 1 Statutory Information
- 2 Progress of the Administration
- 3 Assets still to be Realised
- 4 Administrators' Remuneration
- 5 Estimated Outcome for Creditors
- 6 Ending the Administration
- 7 Next Report

APPENDICES

Receipts and Payments Account for the Period from 27 March 2008 to 26 September 2008

Appendix A

Time Analysis for the Period from 27 March 2008 to 26 September 2008

Appendix B

Additional Information in Relation to Administrators' Fees Pursuant to Statement of Insolvency Practice 9

Appendix C

1. Statutory Information

- 1 1 The registered number of Target PIL Core Limited (the **Company**) is 04108922
- 1 2 The Company is part of the Laurel Group of Companies (the **Group**), which is a large managed-house operator formerly comprising approximately 378 licensed trading sites. The Group traded under a number of brands, including 'Slug & Lettuce', 'Ha! Ha!', 'Yates', 'Santa Fe' and 'Litten Tree'
- 1 3 The Company is one of 15 Companies (the **Companies**) within the Group over which I was appointed Joint Administrator, together with my partners Alastair Paul Beveridge and Simon Jonathan Appell, on 27 March 2008 by the High Court of Justice, Chancery Division, Companies Court
- 1 4 The application for the appointment of an Administrator was made by the Directors of the Company
- 1 5 The Administration is being handled by Kroll's Leeds office, situated at Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL
- 1 6 The Administration is registered in the High Court of Justice, Chancery Division, Companies Court, under reference number 2476 of 2008
- 1 7 The registered office of the Company has been changed from its former head office address at Porter Tun House, 500 Capability Green, Luton, LU1 3LS to C/o Kroll, 10 Fleet Place, London, EC4M 7RB
- 1 8 The functions of the Joint Administrators (the **Administrators**) may be exercised by either or all, acting jointly or alone

2 Progress of the Administration

- 2 1 Attached at Appendix A is my Receipts and Payments Account for the period from 27 March 2008 to 26 September 2008
- 2 2 As detailed in the Administrators' Proposals, the Group's structure comprises companies which are involved in the business of operating pubs, bars and/or restaurants (**Opco**) and companies whose business involved owning and leasing property (**Propco**)

TARGET PIL CORE LIMITED - IN ADMINISTRATION

- 2.3 Yates Propco Limited, Pumpster Property Limited, S&L Propco Limited and Pumpster Property Acquisitions Limited are the landlords of 104 of the Opco trading sites (the **Pumpster Landlords**). Opco and Propco are under common ownership, but with separate finance and security structures. Propco funding is provided by a syndicate of banks in respect of which Royal Bank of Scotland plc is the arranger and facility agent (together the **Propco Banks**). The Opco business is financed by Dresdner Bank AG and Kaupthing HF (the **Opco Banks**).
- 2.4 You will recall from the Administrators' proposals that a sale of 186 of the Opco sites (the **Opco Good Sites**) was completed on 27 March 2008. The sale of the Opco Good Sites to Laurel Restaurant Company Limited, The Barley Pub Company Limited, Ha! Ha! Bar & Kitchen Limited, La Tasca Restaurants Limited, Hops Pub Company Limited, Slug & Lettuce Company Limited, Bay Restaurant Group Limited and Town and City Pub Company Limited (together **Newco**) was for £150,601,696. In addition, contracts were exchanged on 27 March 2008 for the remaining 104 Opco sites (the **Pumpster Sites**) with Newco under a Conditional Sale Agreement (the **CSA**).
- 2.5 The completion of the CSA and receipt of the respective consideration was dependant upon the satisfaction of various conditions, which included obtaining the consent of the Pumpster Landlords and the Propco Banks. It was initially intended that the sale would complete by 25 May 2008.
- 2.6 Alongside the CSA, Town and City Pub Company Limited and Bay Restaurant Group Limited (the **Newco TSA Companies**) continued to trade the Pumpster Sites under a Transitional Service Agreement (the **TSA**).
- 2.7 In parallel with the TSA, the Administrators also agreed a financial support package with the Propco Banks regarding the trading of the Pumpster Sites.
- 2.8 Both the Pumpster Landlords and the Propco Banks undertook the necessary due diligence in respect of the CSA, however, due to certain delays and complications, the CSA could not be completed before 25 May 2008.
- 2.9 The Pumpster Sites continued to be traded after 25 May 2008 under the TSA and the Propco Banks funding agreement. During this additional period it became apparent that the CSA would not complete. As a result, the Administrators commenced new discussions with Newco.

TARGET PIL CORE LIMITED - IN ADMINISTRATION

2 10 Newco subsequently made an offer to acquire 89 of the 104 Pumpster Sites for a total consideration of £27,239,441. The Administrators considered that this offer represented the best achievable outcome for creditors, and also represented a higher return than was expected under the valuations prepared by Kroll Corporate Finance (KCF). This offer was therefore accepted, and the sale of 89 of the Pumpster Sites was completed on 12 August 2008.

2 11 Detailed below is a breakdown of the proceeds received by the Companies in relation to this sale.

Company	Total (£)
The Laurel Pub Company Limited	20,059,956
Yates's Wine Lodges Limited	5,964,751
Yates Group Limited	1,155,033
Forno Vivo Limited	59,701
	<hr/> 27,239,441

2 12 No consideration has been allocated to the Company since it held no interest in the Pumpster Sites.

Other Property Realisations

2 13 You will recall from the Administrators' Proposals that the Group closed 90 of its sites prior to the appointment of the Administrators (the **Closed Sites**).

2 14 The Company held legal title to 15 leases for the Closed sites. The Administrators have worked with Colliers CRE (**Colliers**) and have continued to market these sites with a view to negotiating surrenders or assignments at a premium.

2 15 The Administrators received serious interest in respect of two of these sites. To date, one assignment has completed, while the second assignment is expected to complete within the next month.

2 16 My solicitors, Sidley Austin LLP, have confirmed that any premiums realised are payable to The Laurel Pub Company Limited, which held the beneficial interest in the leases. As such, no funds will be received by the Company.

- 2 17 A summary regarding the progress to date is provided below

	No of sites
Assignments Completed	1
Assignments in progress	1
Leases Surrendered	1
Surrenders offered but not accepted	12
	<hr/> 15

Business Rates Refunds

- 2 18 The amount of £7,244 has been received in respect of overpaid Business Rates relating to a period prior to 27 March 2008
- 2 19 The Administrators have also instructed Goodman Nash, Gerald Eve and Atis Real to review historic rates overpayments and to undertake rateable value appeals where appropriate
- 2 20 However, it is not anticipated that any further significant realisations will be made from this source

Other Assets

- 2 21 The sum of £4,121 has been received in respect of a rental overpayment, and a small amount of bank interest has accrued. It is not envisaged that any further significant realisations will be made
- 2 22 You will also note from the Receipts and Payments account that there are entries of £355,616 under the headings of rents received and paid. These amounts relate to payment of rents due in respect of certain of the Opco Good Sites for which the lease assignments to Newco have not yet completed. These payments have been funded by Newco

3 Assets still to be Realised

The Pumpster Properties

- 3 1 There remain 15 Pumpster Properties (the **Unsold Sites**) which continue to be traded in Administration by the Purchasers under a TSA and funding arrangement with the Propco Banks. Newco has confirmed that they have no financial interest in acquiring these sites
- 3 2 The Administrators are presently working with the Pumpster Landlords and Propco Banks to achieve a sale of the **Unsold Sites**

4 Administrators' Remuneration

- 4 1 You will recall from the Administrators' proposals that it was proposed the remuneration of the Administrators would be fixed by reference to time properly spent by them and their staff in managing the Administration
- 4 2 The Administrators did not receive a signed 2 25B in the allotted timeframe and as such, this proposed resolution was not passed
- 4 3 Accordingly, a further copy of Form 2 25B is attached with this report for consideration by the Company's creditors
- 4 4 The Administrators' time costs at 26 September 2008 are £31,921 This represents 155 hours at an average rate of £205 per hour Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period To date no fees have been drawn on account
- 4 5 Attached as Appendix C is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade
- 4 6 A description of the work performed under the main activity codes as per the provisions of SIP 9 are as follows

Administration and Planning

The time recorded here reflects the statutory duties of the Administrator including initial notification to creditors and ongoing reporting requirements In addition, it covers the time spent formulating the strategy of the Administration and internal meetings Case related travel time is also recorded here

Investigations

The time recorded here relates to the investigations into the Directors conduct and correspondence with Directors

Realisation of Assets

This reflects the time spent negotiating and dealing with the Company's assets, it records the time spent in discussions with the purchaser and Solicitors and also the insurance of assets

Trading

The time recorded under this heading comprises the reconciliation of the Group's trading receipts which are received into the Companies' various bank accounts

Creditors

Time recorded here has been incurred in ongoing correspondence with creditors, including written correspondence and telephone calls. It also reflects time spent in dealing with Personal Injury claimants.

5 Estimated Outcome for Creditors

Secured creditors

- 5.1 There are no secured creditors of the Company.

Preferential creditors

- 5.2 The Administrators are not aware of any preferential creditors of the Company.

Unsecured creditors

- 5.3 Any consideration received in respect of the leases the Company held will be allocated to the beneficial owner of the leases, not the Company. It is anticipated that there will be no further future realisations, and thus there will be insufficient funds to enable a distribution to be made to unsecured creditors.

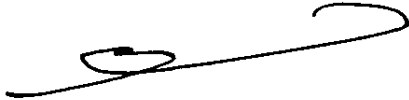
6 Ending the Administration

- 6.1 The Administrators anticipate that there will be no funds to enable a distribution to be made to any class of creditor. However, the Company held the legal title to a number of leases for both Opco Good Sites and Closed Sites.
- 6.2 Upon the completion of the assignments of the Opco Good leases, it is envisaged the Administrators will file a notice (the **Notice**) together with a final progress report at Court and with the Registrar of Companies for the dissolution of the Company in accordance with paragraph 84 of Schedule B1 of the Insolvency Act 1986 (the **Act**). Copies of these documents will be sent to the Company and its creditors at the appropriate time.
- 6.3 If you object to the dissolution of the Company you may make an application to court in accordance with paragraph 84(7) of Schedule B1 of the Act. The appointment will end following the registration of the Notice by the Registrar of Companies. Unless otherwise ordered by the Court, at the end of the period of three months beginning with the date of registration of the Notice, the Company will be dissolved.

7 Next Report

- 7.1 The Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised

For and on behalf of
Target PIL Core Limited

A handwritten signature in black ink, appearing to read 'J J Gleave', with a long horizontal stroke extending to the right.

J J Gleave
Joint Administrator

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TARGET PIL CORE LIMITED - IN ADMINISTRATION

Receipts and Payments Account for the Period from 27 March 2008 to 26 September 2008

Appendix A

	Fixed Charge £	Floating Charge £	Total £
RECEIPTS			
Rent Income	0 00	355,615 63	355,615 63
Business Rate Refunds	0 00	7,243 62	7,243 62
Bank Interest Gross	0 00	0 34	0 34
Rents Overpayments and Refunds	0 00	4,121 02	4,121 02
VAT Payable	0 00	7,811 90	7,811 90
Floating Vat Control A/c	0 00	7,658 64	7,658 64
	0.00	382,451 15	382,451.15
PAYMENTS			
Rents	0 00	355,615 65	355,615 65
Bank Charges	0 00	94 05	94 05
VAT Receivable	0 00	15,470 54	15,470 54
	0.00	371,180.24	371,180.24
Balances in Hand	0.00	11,270.91	11,270.91
	0.00	382,451.15	382,451.15

TARGET PIL CORE LIMITED - IN ADMINISTRATION

Time Analysis for the Period from 27 March 2008 to 26 September 2008

Appendix B

	Employee Grade (Hours)					(£'s)	
	<u>Partner/ Director</u>	<u>Senior Associate</u>	<u>Associate/ Analyst</u>	<u>Junior Analyst/ Support</u>	<u>Total Hours</u>	<u>Total Cost</u>	<u>Average Rate p/h</u>
Administration and Planning							
Strategy and Control	0.3	1.1	6.6	0.6	8.6	2,309.50	269
Creditor Reporting	1.0	1.6	15.6	1.1	19.3	5,211.00	270
Committee Meetings and Reports	-	-	-	-	-	-	-
Statutory Duties	-	1.1	3.0	1.4	5.5	1,311.50	238
Job Administration	-	1.2	1.1	3.8	6.1	1,156.50	190
Cash Accounting and Time Records	0.5	0.5	18.1	17.2	36.3	7,474.50	206
Travel and Waiting Time	-	-	-	-	-	-	-
Case Closure	-	-	-	-	-	-	-
Internal Documentation and IT	-	0.6	1.6	0.9	3.1	744.00	240
Investigations							
D Reports	-	0.1	3.4	0.2	3.7	876.00	237
Other Investigations	1.1	-	-	-	1.1	544.50	495
Internal Documentation	-	-	-	-	-	-	-
Realisation of Assets - Fixed Charge							
Valuation and Offers	-	-	1.0	2.0	3.0	490.00	163
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Documentation	-	-	1.3	-	1.3	312.00	240
Realisation of Assets - Debtors							
Debt Collection	-	-	0.1	1.6	1.7	224.00	132
Debtors Litigation	-	-	-	-	-	-	-
Crown Debtors	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Floating Charge							
Valuation and Offers	-	-	-	0.8	0.8	100.00	125
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Retention of Title	-	-	-	-	-	-	-
Hire Purchase / Leased Assets	-	0.1	2.1	9.0	11.2	1,664.00	149
Litigation	-	-	-	-	-	-	-
Internal and External Communications	-	-	0.1	-	0.1	27.00	270
Trading							
Initial Actions	0.4	6.0	1.9	0.2	8.5	2,686.00	316
Cash Accounting	0.1	-	0.4	9.6	10.1	1,357.50	134
Ongoing Trading Activities	-	0.4	0.4	5.3	6.1	910.50	149
Internal and External Communications	-	-	0.4	17.0	17.4	2,233.00	128
Creditors							
Initial Actions	-	0.8	5.8	4.5	11.1	2,219.50	200
Creditor claims	-	-	-	0.3	0.3	37.50	125
Litigation	-	-	-	-	-	-	-
Shareholders / Bankrupts	-	-	-	-	-	-	-
Internal Documentation	-	0.1	-	-	0.1	32.50	325
Employees	-	-	-	-	-	-	-
Employee Communications	-	-	-	-	-	-	-
Totals	3.4	13.6	62.9	75.5	155.4	31,921.00	205

**Additional Information in Relation to Administrators' Fees Pursuant to
Statement of Insolvency Practice 9**

Appendix C

1 Policy

Detailed below is Kroll's policy in relation to

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

1.1 Staff Allocation and the use of Sub-contractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, Senior Associate, Associate and Analyst. The exact constitution of the 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. Our charge out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard.

We have not utilised the services of any sub-contractors in this case.

1.2 Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Sidley Austin LLP (legal advice)	Hourly rate and disbursements
Denton Wilde Sapte LLP (legal advice in relation to leasehold properties only)	Hourly rate and disbursements
Blake Lapthorn Tarlo Lyons (legal advice in relation to premises licenses - North England & Wales)	Hourly rate and disbursements
Bevan Brittan LLP (legal advice in relation to premises licenses - South England and Wales)	Hourly rate and disbursements
Brunton Miller (legal advice in relation to premises licenses - Scotland)	Hourly rate and disbursements
Safe Estates Limited (key safe service in relation to leasehold properties)	Fixed fee per site
Willis Limited (insurance)	Risk based premium
Gerald Eve Limited (rating appeals in relation to leasehold properties)	Contingent fee arrangement
Atis Real Limited (rating appeals in relation to leasehold properties)	Contingent fee arrangement
Goodman Nash Limited (rates audit work in relation to leasehold properties)	Contingent fee arrangement
Colliers CRE Limited (valuation and disposal advice)	Small fixed admin fee plus variable percentage of realisations

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder. No Category 2 disbursements have been incurred to date on this case.

2 Charge-out Rates

A schedule of Kroll charge-out rates for this assignment effective from 1 January 2008 is detailed below

	(Per hour) £
Partner/Director	
Partner 1*	495
Partner 2*	445
Director	400
Senior Associate	
Senior Associate 1*	350
Senior Associate 2*	325
Associate/Analyst	
Associate	270
Analyst*	240
Junior Analyst and Support Staff	
Junior Analyst*	125
Senior Treasury Associate	195
Treasury Associate	135
Treasury Analyst	80
Support	80
*Key	
Partner 1 – Partners with 3 or more years experience at partner level	
Partner 2 – Partners with less than 3 years experience at partner level	
Senior Associate 1 – Staff who have been Senior Associates for over 2 years	
Senior Associate 2 – Staff who have been Senior Associates for less than 2 years	
Analyst – Staff who have been Analysts for more than 1 year	
Junior Analyst – First year Analysts	