

2.24B**Administrator's progress report**

Name of Company Magnum Gatwick Nominee 1 Ltd	Company number 04290030
In the Bristol County Court [full name of court]	Court case number 593 of 2011

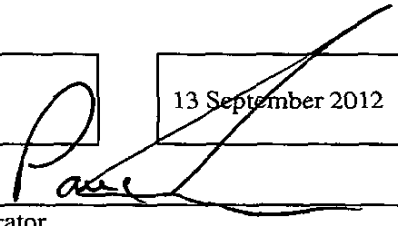
We
Paul Andrew Flint
KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

Brian Green
St James' Square
Manchester
M2 6DS

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

from	to
14 March 2012	13 September 2012

Signed


Joint Administrator

Dated

12 October 2012

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.

Michael Penrose
KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

DX Number DX 724620 Manchester 42

Tel
DX Exchange

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Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



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The Insolvency Act 1986

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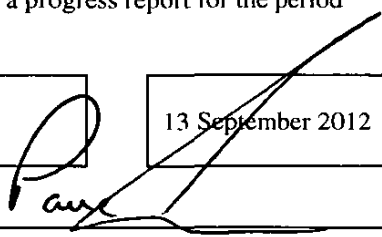
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Companies House receipt date barcode

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Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



**Magnum Gatwick Nominee 1 Limited
(in Administration)**

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

KPMG LLP

12 October 2012

This report contains 10 pages

Appendices contains 4 pages

PF/CC/MP



About this Report

- This Report has been prepared by Paul Flint and Brian Green, the Joint Administrators of Magnum Gatwick Nominee 1 Limited (in Administration), solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Magnum Gatwick Nominee 1 Limited (in Administration).
- Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
- Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.
- Paul Flint and Brian Green are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of England and Wales.
- The Joint Administrators act as agents for Magnum Gatwick Nominee 1 Limited (in Administration) and contract without personal liability.
- The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the Administration.
- All figures contained within this report, unless otherwise stated, are net of VAT.



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1	Statutory information
2	Receipts and payments account for the period 14 March 2012 to 13 September 2012
3	Analysis of Joint Administrators' time costs, disbursements and charge out rates for the period 14 March 2012 to 13 September 2012
4	Schedule of expenses for the period 14 March 2012 to 13 September 2012



1 **Glossary**

Act	Insolvency Act 1986
Administration	The Administration Order was made on 13 May 2011 in High Court, Bristol District Registry, Court number 593 of 2011 application by Court
Company	Magnum Gatwick Nominee 1 Limited (in Administration)
EC Regulations	Council Regulations (EC) No 1346/2000
FY	Financial year
HMRC	HM Revenue & Customs
Hotel	Hotel at Tinsley Lane South, Three Bridges, Crawley
Joint Administrators	Paul Andrew Flint and Brian Green of KPMG LLP
Lenders	Nationwide Building Society and Britannia Building Society
Managing Agents/ BDL	BDL Management Two Limited
SIP	Statement of Insolvency Practice
Solicitors	Burges Salmon LLP
SPV	Special Purpose Vehicle
Valuation Agents / GVA	GVA Grimley Limited
VAT	Value added tax

2 Executive summary

- This progress report covers the period from 14 March 2012 to 13 September 2012
- The Joint Administrators' Statement of Proposals was deemed approved on 16 July 2011 pursuant to Rule 2.33 (5A) of the Insolvency Rules 1986 (as amended) and has not been modified
- Magnum Gatwick Nominee 1 Limited (the "Company") was part of a corporate investment structure set up by Strategic Investment Management Partnerships in August 2006. SI Hotel Investments Limited ("SIHIL") purchased three hotels from Jarvis Hotels Limited in August 2006 under a sale and leaseback agreement. The hotels were dual branded Ramada and Jarvis and are located at Gatwick, Hatfield and Sutton Coldfield (Penns Hall)
- Two nominee companies were set up for each hotel. The Company owns 50% of the legal title to the Gatwick hotel, with the beneficial title being held further up the structure by a separate company
- Further to the Joint Administrators' progress report dated 11 April 2012, the Hotel continues to trade under the control of the Managing Agent, and a Valuation Agent has been engaged to provide input as to ongoing strategy in the short and medium term, together with a hold or sell recommendation
- The Joint Administrators are considering the advice from their Valuation Agents. A normal sale process could last six to 18 months in the present hotel market and a hold period to await the return of favourable conditions could last over two years
- In view of the length of a possible sale process, the Joint Administrators applied to Court for an extension to the Administration of two years until 13 May 2014 in order to maximise the return to the secured creditors. The extension was granted on 26 April 2012
- To date no unsecured creditors have presented a claim to the Joint Administrators and no claims are anticipated
- Full details of the Joint Administrators' progress report are attached together with all the relevant statutory information included by way of Appendices. Please note that unless stated otherwise all amounts in this report and its attachments are stated net of VAT



Paul Flint
Joint Administrator

3 Statement of proposals and meeting of creditors

The Joint Administrators' Statement of Proposals was circulated on 6 July 2011

Pursuant to Paragraph 52 (1)(b) of Schedule B1 to the Insolvency Act 1986 a creditors' meeting was not convened and one was not subsequently requisitioned. As a result the Statement of Proposals, as circulated, was deemed to have been approved on 16 July 2011 pursuant to Rule 2 33 (5A)

4 Progress to date

4.1 Strategy/sale of the Company's assets

The initial strategy adopted by the Administrators was to engage the Managing Agent, (BDL Management Two Limited) a third party management company with experience in the hotels sector, in order to manage the trading of the Hotel. Trading is conducted via Gatwick Hotel Limited, an SPV set up to manage trading of the Hotel on behalf of the legal owners, Magnum Gatwick Nominee 1 Limited and Magnum Gatwick Nominee 2 Limited

The Joint Administrators, together with the Lenders, have also engaged GVA as Valuation Agent in order to assess the immediate saleable value of the Hotel. The Valuation Agent was also engaged to provide an opinion on whether increased value could be achieved based on trading scenarios put forward by the Managing Agent. The scenarios considered different levels of capital expenditure and different branding assumptions

- It has become apparent that a sale in the near future may not achieve best value as the market is at a low point
- As such the Joint Administrators are considering whether any uplift in value could be achieved through a medium term hold strategy. A sales process to dispose of the Hotel would be the eventual exit strategy when the hotel market has improved

The decision to hold and invest is not clear cut as there are risks inherent in holding the property

4 2 Communication

The Joint Administrators wrote to all known creditors on 15 May 2011 advising them of their appointment

Following this, the Joint Administrators' Statement of Proposals was circulated to all creditors of the Company on 6 July 2011

A further progress report will be provided to creditors in April 2013. It is not clear at this point whether the Joint Administrators' proposals will have been completed by that time



4.3 Assets

4.3.1 Leasehold property

The Company's leasehold property at St Tinsley Lane South, Three Bridges, Crawley has been valued by our Valuation Agents and trading options for the Hotel have been set out by the Managing Agent. The Joint Administrators are considering a strategy for the Hotel in the light of the advice received from both the Valuation Agents and the Managing Agents.

4.4 Liabilities

4.4.1 Secured creditors

The Lenders hold a charge over the fixed and floating assets of the Company. The Lenders' indebtedness on appointment was £58,426,176, consisting of loans totalling £57,308,028 and interest and fees amounting to £1,118,148. This indebtedness represents loans against the leasehold property and two other leasehold hotels owned by associated companies. No decision has been taken to date regarding the long term strategy for the hotels, however, valuations indicate that a disposal of the assets in the present market would raise insufficient funds to repay the Lenders' debt in full.

4.4.2 Preferential creditors

The Company has no employees and as such the Joint Administrators anticipate no preferential creditors.

4.4.3 Prescribed Part

The EC Regulation on Insolvency Proceedings 2000 will apply in this matter and these proceedings will be the main proceedings as defined in Article 3 of the EC Regulation. The Company's registered office and centre of main interests are in the United Kingdom.

In accordance with Section 176A of the Act, a prescribed part will be made available to unsecured creditors should floating charge realisations be sufficient, on the basis that the floating charge in favour of the Lenders was created after 15 September 2003.

At this stage, the quantum and timing of any prescribed part payment is unknown, but it should be noted that the Joint Administrators do not anticipate claims from unsecured creditors and as such do not expect to make a prescribed part payment.



4 4 4 Unsecured creditors

The Joint Administrators have not received any claims from unsecured creditors to date and none are anticipated as the Company was dormant at the time of the Administration

	Total outstanding balance
	£
Trade creditors	0
HM Customs and Excise	0
Other creditors/loans	0
	<hr/>
	0
	<hr/>

Source Directors' Statement of Affairs

4.5 Expenses for the period

4 5 1 Receipts and payments

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

4 5 2 Office holders remuneration

The office holders' time costs for the period of this report are also attached (see Appendix 3) This shows that in the period from 14 March 2012 to 13 September 2012 we have incurred time costs of £11,891 representing 42 hours at an average hourly rate of £280 This includes work undertaken in respect of tax, VAT and health and safety advice from KPMG LLP in-house specialists

Fees totalling £7,300 were drawn in a prior period which represents all fees paid to the Joint Administrators to date The Company had no employees, and no preferential creditors have been identified, so approval was sought and has been received from the secured creditors prior to fees being drawn by the Administrators

Additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 2 48A of the Insolvency Rules 1986 This request must be made within 21 days of receipt of this report The full text of that rule can be provided on request

In addition, creditors are reminded that the quantum of any fees drawn can be challenged by unsecured creditor(s) with at least 10% in value including that creditors claim by making an application to court in accordance with Rule 2 109 of the Insolvency Rules 1986 The full text of this rule can also be provided on request

4 5.3 Expenses for the period

Expenses for this period total £16,382 including amounts not yet paid (see Appendix 4 for details)



Details of the amount accrued for the office holder's remuneration is discussed above and other amounts that require explanation are dealt with in detail below. Additional information about expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed. Full details of the process to obtain more information under Rule 2.48A of the Insolvency Rules 1986 and to challenge the Joint Administrator's remuneration and expenses under Rule 2.109 of the Insolvency Rules 1986 are explained above.

5 Outstanding matters

5.1 Extension of the Administration

On 26 April 2012, the Joint Administrators were granted a two year extension of the Administration until 13 May 2014 by consent of the Court in order to allow time to maximise realisations for the Company's creditors.

The Joint Administrators are still dealing with a number of issues in respect of the Administration and the Joint Administrators' proposals are yet to be fully completed. Consequently, the Joint Administrators are not in a position to conclude the Administration.

6 Comments on the appendices

6.1 Appendix 2: Receipts & payments account for the period 14 March 2012 to 13 September 2012

An analysis of receipts and payments for the period 14 March 2012 to 13 September 2012 is attached at Appendix 2.

6.1.1 Receipts relating to Assets subject to a Floating Charge

6.1.1.1 *Leasehold property rents*

Funds of £15,000 have been received in respect of the lease granted to the trading entity SPV, Gatwick Hotel Limited.

6.1.1.2 *Telephone mast rental*

Rent of £20,676 was received from Arqiva Limited in respect of telecommunications masts located on the property.

6.1.1.3 *Bank interest*

Bank interest of £33 was received in the period.



6.2 **Appendix 3: Analysis of office holders' time costs**

As can be seen in Appendix 3, the majority of time costs have been incurred in respect of the leasehold property, including health and safety issues, with £4,112 incurred

Other areas which account for a significant proportion of time costs in the period include post-appointment tax issues. These matters have incurred costs in the period of £3,835

A full analysis of time is attached at Appendix 3 and a summary is discussed in section 3.5.2

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

Expenses accruing in the period total £16,382, none of which have been paid. The items accruing in the period which have not been paid are as follows:

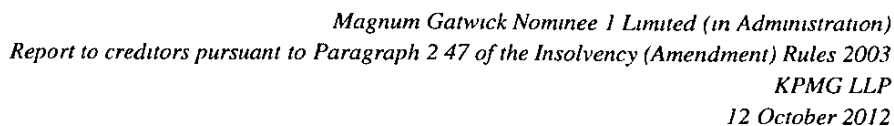
- Legal fees of £2,264,
- Legal disbursements of £537,
- Agent's fees of £500
- Administrators' fees of £11,891,
- Administrators' disbursements of £1,189



Appendix 1

Statutory Information

Appointment	
For period	14 March 2012 to 13 September 2012
Company name	Magnum Gatwick Nominee 1 Limited
Nature of business	Property holding company
Court details	The Administration Order was made on 13 May 2011 in High Court, Bristol District Registry, Court number 593 of 2011 application by Court
Date of appointment	13 May 2011
Extension obtained	Extension granted to 13 May 2014, by order of High Court, Bristol District Registry on 26 April 2012
Office holder details	<p>Paul Flint was appointed on 13 May 2011 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales</p> <p>Brian Green was appointed on 13 May 2011 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales</p>
Registered number	04250981
Present registered office	<p>KPMG LLP</p> <p>St James' Square Manchester M2 6DS</p>
Basis of remuneration	Time costs
Fee resolution date	Not yet agreed



Receipts & payments account for the period 14 March 2012 to 13 September 2012.

ABSTRACT OF RECEIPTS AND PAYMENTS - 14/03/2012 to 13/09/2012
Magnum Gatwick Nominee 1 Ltd

	RECEIPTS	£
	Brought forward from previous Abstract (if Any)	37,208.63
	Rent	15,000.00
	Telephone Mast Rental	20,675.76
	Bank interest gross	16.44
	Bank interest net of tax	17.00
	Floating ch VAT payable	7,151.66
* Delete as appropriate	Carried forward to * continuation sheet / next abstract	80,069.49
	PAYMENTS	£
	Brought forward from previous Abstract (if Any)	14,186.22
* Delete as appropriate		
* Delete as appropriate	Carried forward to * continuation sheet / next abstract	14,186.22

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed



Magnum Gatwick Nominee 1 Limited (in Administration)
Report to creditors pursuant to Paragraph 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
12 October 2012

Magnum Gatwick Nominee 1 Ltd
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 14/03/2012 To 13/09/2012	From 13/05/2011 To 13/09/2012
ASSET REALISATIONS		
Rent	15 000 00	23 500 00
Telephone Mast Rental	20 675 76	44 349 17
	<u>35 675 76</u>	<u>67 849 17</u>
OTHER REALISATIONS		
Bank interest gross	16 44	16 44
Bank interest net of tax	17 00	27 83
Sundry refunds	NIL	54 45
	<u>33 44</u>	<u>98 72</u>
COST OF REALISATIONS		
Administrators fees	NIL	7 300 00
Administrators' expenses	NIL	223 75
Legal fees	NIL	699 83
Legal Disbursements	NIL	15 00
Statutory advertising	NIL	67 50
Bank charges	NIL	20 00
	<u>NIL</u>	<u>(8,326 08)</u>
	<u>35,709 20</u>	<u>59,621 81</u>
REPRESENTED BY		
Floating ch. VAT rec'able		1 658 62
Floating charge current		65 883 27
Floating ch. VAT payable		(12 121 60)
Floating ch. VAT control		4 201 52
		<u>59,621 81</u>



Magnum Gatwick Nominee 1 Limited (in Administration)
Report to creditors pursuant to Paragraph 2 47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
12 October 2012

Appendix 3

Analysis of office holders' time costs for the period 14 March 2012 to 13 September 2012

14/03/2012 to 13/09/2012

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)			3 60	0 60	4 20	£696 00	£165 71
Reconciliations (& IPS accounting reviews)			0 20		0 20	£35 00	£175 00
General							
Fees and WIP	0 10			0 30	0 40	£79 00	£197 50
Other office holders			0 50		0 50	£120 00	£240 00
Statutory and compliance							
Appointment and related formalities		1 00			1 00	£425 00	£425 00
Statutory receipts and payments accounts			0 30		0 30	£72 00	£240 00
Strategy documents			1 50		1 50	£360 00	£240 00
Tax							
Post appointment corporation tax	0 10	2 70	3 50		6 30	£1,985 50	£315 16
Post appointment VAT		2 70	4 80		7 50	£1 849 50	£246 60
Creditors							
Creditors and claims							
Secured creditors	2 00		0 50		2 50	£1,040 00	£416 00
Statutory reports	0 20	1 00	2 50		3 70	£1,117 00	£301 89
Realisation of assets							
Asset Realisation							
Health & safety		0 30			0 30	£103 50	£345 00
Leasehold property	2 90	0 10	11 00		14 00	£4,008 50	£286 32
Total in period					42 40	£11,891 00	£280 45
					Fees drawn		
			B / f	7,300 00	Hours / costs to date		
			In the		95 80	£28,610 00	£298 64
			period	0 00	42 40	£11,891 00	£280 45
			C / f	7,300 00	138 20	40 501 00	£293 06



Appendix 4

Schedule of expenses for the period – Period 14 March 2012 to 13 September 2012

Section	Account	Accrued	Paid	Undisclosed in prior	Total
Cost of realisations	Legal fees	2,264 32			2,264 32
–	Legal disbursements	537 48			537 48
–	Agents fees	500 00			500 00
–	Bank charges	0 00			0 00
–	Joint Administrators' fees	11,891 00			11,891 00
–	Joint Administrators' disbursements	1,189 30			1,189 30
		16,382.10	0.00		16,382.10
TOTAL		16,382.10	0.00		16,382.10

Creditors are reminded that any additional information can be requested subject to the conditions set out in section 4 5 2