

The Insolvency Act 1986

2.24B**Administrator's progress report**

Name of Company
Magnum Gatwick Nominee 2 Ltd

Company number
04290060

In the Bristol County Court <small>[full name of court]</small>

Court case number 595 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
13 May 2011	12 November 2011

Signed


Joint Administrator

Dated

9 December 2011

Contact Details:

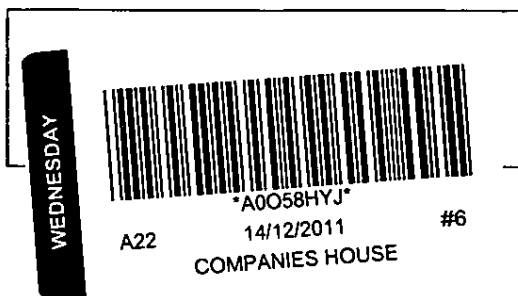
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Michael Penrose KPMG LLP St James' Square Manchester M2 6DS United Kingdom		Tel
DX Number	DX 724620 Manchester 42	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





**Magnum Gatwick Nominee 2
Limited(in Administration)**

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

KPMG LLP
12 December 2011
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 2 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 2 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 2 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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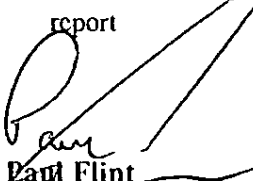
Appendices

1	Statutory information
2	Receipts and payments account
3	Analysis of Joint Administrators' time costs
4	Schedule of expenses for the period



1 Executive summary

- This progress report covers the period from the appointment of the Joint Administrators on 13 May 2011 to 12 November 2011
- 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 2 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
- SIHIL raised £14.6 million from approximately 140 individual private equity investors. These funds, together with lending from a Lender syndicate comprising Nationwide Building Society and Britannia Building Society, were used to buy the hotels. The purchase price was £73.25 million including costs
- Lending to SIHIL totalled £58.65 million at the date of the deal, split equally between the two Lenders. Magnum Gatwick Nominee 2 Limited and the other nominee companies were guarantors of that debt as part of the corporate structure
- The latest audited accounts to 30 September 2010 state that the Company was dormant with debtors of £1 and called up share capital of £1
- The initial strategy adopted by the Administrators was to engage with BDL Management Two Limited, a third party management company with experience in the hotels sector, in order to manage the trading of the hotels
- Based on the expected level of realisations and the amounts owed to the secured creditor, there is no prospect of funds being available for unsecured creditors, other than by virtue of the prescribed part. However, the Joint Administrators do not anticipate any significant level of unsecured creditors
- Full details of the Joint Administrators' Progress Report are attached, together with all the relevant statutory information which is included by way of Appendices to this report


Paul Flint

Joint Administrator



2 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)

3 Progress to date

3.1 Strategy/sale of the Company's assets

The initial strategy adopted by the Administrators has been to engage with BDL Management Two Limited, a third party management company with experience in the hotels sector, in order to manage the trading of the hotels. BDL established trading SPVs on behalf of the Administrators, which were then transferred to Administration ownership, with BDL directors remaining in situ.

Various agreements were signed between the Administrators, the Lenders, Jarvis Hotels Limited and BDL Management Limited. Following a surrender of the hotel leases by Jarvis, these agreements established a trading structure for the hotels which allowed for the control and monitoring of the trading entities via the nominee companies (in Administration) while trading outside of Administration in new special purpose vehicles and thus reducing costs.

All employees within the hotels were retained, and their terms and conditions remained the same. KPMG's GSS (Global Sustainability Services) team were engaged to give an opinion on health and safety matters and the KPMG Pensions team have been instructed to review the pension position. Tax, SDLT and VAT input from the relevant KPMG teams was sought into the initial structure and to assess the impact on the Joint Administrators' position.

Insurance was put in place by BDL on behalf of the Joint Administrators to cover Land and Buildings as well as business interruption. BDL also put in place its own trading cover for employer's liability, public liability and other assets.

The strategy going forward is to monitor the trading of the hotels in the short to medium term before either:

- 1 Deciding whether to distill the Administrations down into one Liquidation, and insert holding companies between the Liquidation and the SPVs
- 2 Conducting a sale process to dispose of the hotels for the benefit of the Lenders



3 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 May 2012. It is not clear at this point whether the Joint Administrators' proposals will have been completed by that time

3 3 Assets

3 3 1 Freehold/leasehold property

The Company's leasehold property at Tinsley Lane South, Three Bldges, Crawley is being valued by agents

3 4 Creditors

3 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. No decision has been taken to date regarding the long term strategy for the hotels, however, valuations from February 2011 indicate that a disposal of the assets in the present market would raise insufficient funds to repay the Lenders' debt in full.

3 4 2 Preferential creditors

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

3 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 Bank 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.

3 4 4 Unsecured creditors

The Joint Administrators do not anticipate any significant level of claims from unsecured creditors.



3 5 Expenses for the period

3 5 1 Receipts and payments

The receipts and payments for the period are set out in the attached Receipts and Payments Account (see Appendix 2)

3 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 to 12 November 2011 the Joint Administrators have accrued time costs of £20,946 representing 71 hours at an average hourly rate of £296. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG LLP in-house specialists.

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

Since 13 May 2011, the Joint Administrators have been engaged in

- establishing control of the hotel assets in conjunction with the managing agents,
- addressing and advising on trading issues raised by the managing agents,
- evaluating capital expenditure requests made by the managing agents,
- reporting to the creditors,
- statutory issues associated with the Administration.

The basis of the fees being requested by the Joint Administrators is set out in Appendix 3.

The statutory provisions relating to remuneration are set out in Rule 2 106 of the Rules.

A creditors' guide to fees can be accessed at

http://www.13.org.uk/media/documents/technical_library/SIPS/SIP%209%20E&W.pdf

If you are unable to obtain a copy from the above link, please contact Mike Penrose on 0161 246 4913.

The Joint Administrators proposed that their remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration at their normal hourly rate of charging.

Under Rule 2 106 of the Rules, where the Administrator has made a statement under Paragraph 52(1)(b) of Schedule B1 of the Act that, on the basis that there will be no surplus available to creditors, there will be no meeting of creditors convened, then the proposals relating to Administrators' remuneration shall be taken as passed if passed with



the approval of each secured creditor of the Company, and also the approval of the preferential creditors (whose debt amounts to more than 50% of the total preferential debt) where the Administrator intends to make a preferential distribution

Creditors are reminded that the quantum of office holder remuneration can be challenged by unsecured creditors representing at least 10% by value of total unsecured claims, including that creditors claim, by making an application to court in accordance with Rule 2.109 of the Rules. The full text of this rule can also be provided on request

In accordance with Rule 2.106, the Joint Administrators have drawn fees of £7,400 with the approval of secured creditors

3.5.3 Other information

In accordance with Rule 2.48A of the Rules, additional information about the 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. A request must be made within 21 days of receipt of this report

3.5.4 Expenses for the period

Expenses (including fees and disbursements) for this period total £25,032 including amounts not yet paid (see Appendix 4 for details)

Details of the amount accrued for the office holders' remuneration is discussed above and other key amounts that require explanation are dealt with in detail below. As set out above, 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 (as amended) and to challenge the Joint Administrators' remuneration and expenses under Rule 2.109 of the Insolvency Rules 1986 (as amended) are explained above

4 Comments on the appendices

4.1 Appendix 2: Receipts & payments account for the period 13 May 2011 to 12 November 2011

An analysis of receipts and payments for the period 13 May 2011 to 12 November 2011 is attached at Appendix 2

4.1.1 Receipts relating to Assets subject to a Floating Charge

4.1.1.1 Leasehold property rents

Funds of £10,200 have been received in respect of the lease granted to the trading entity special purpose vehicle, Hotel Gatwick Limited



4 1 1 2 Bank interest

Bank interest of £1 was received in the period

4 1 2 Payments relating to Assets subject to a Floating Charge

4 1 2 1 Joint Administrators' fees

The Joint Administrators have been paid £7,400 in the period in respect of their time costs incurred working on behalf of the Company

4 1 2 2 Joint Administrators' disbursements

The Joint Administrators have been paid £169 in the period in respect of disbursements incurred working on behalf of the Company

4 1 2 3 Legal fees

Legal fees amounting to £700 were paid to Burges Salmon LLP in the period in respect of legal work associated with the Administration

4 1 2 4 Legal disbursements

Legal disbursements amounting to £15 were paid to Burges Salmon LLP in the period

4 1 2 5 Statutory advertising

The Joint Administrators have paid £68 in costs associated with statutory advertising

4 1 2 6 Bank charges

The Joint Administrators have paid £20 in respect of bank charges in the period

4.2 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 £5,864 incurred

Other areas which account for a significant proportion of time costs in the period include statutory and compliance matters. These matters have incurred costs in the period of £5,598

A full analysis of time is attached at Appendix 3 and a summary is discussed in section 3 5 2

4.3 Appendix 4: Schedule of expenses for the period

Expenses for this period total £25,032, of which £8,372 have been paid in the period. The additional items which have been accrued in the period, but have not been paid, are as follows



Magnum Gatwick Nominee 2 Limited (in Administration)
Report to creditors pursuant to Paragraph 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
12 December 2011

- Legal fees of £2,751,
- Legal disbursements of £338.49,
- Administrators' fees of £13,547,
- Administrators' disbursements of £24



Appendix 1

Statutory Information

Appointment	
For period	13 May 2011 to 12 November 2011
Company name	Magnum Gatwick Nominee 2 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 595 of 2011 application by Court
Date of appointment	13 May 2011
Extension obtained	Not applicable
Office holder details	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 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
Registered number	04290060
Present registered office	KPMG LLP St James' Square Manchester M2 6DS
Basis of remuneration	Time costs
Fee resolution date	Not yet agreed



Appendix 2

A copy of the period abstract receipts and payments account is attached.

ABSTRACT OF RECEIPTS AND PAYMENTS 13/05/2011 to 12/11/2011 Appendix to Form 2.24
Magnum Gatwick Nominee 2 Ltd Page 1

RECEIPTS		£
Brought forward from previous Abstract (if Any)		0.00
Rent		10,200.00
Bank interest net of tax		0.20
Carried forward to		10,200.20
* continuation sheet / next abstract		
PAYMENTS		£
Brought forward from previous Abstract (if Any)		0.00
Administrators' fees		7,400.00
Administrators' expenses		169.31
Legal fees		699.83
Legal fees (2)		15.00
Statutory advertising		67.50
Bank charges		20.00
Floating charge AT rec table		1,667.73
Carried forward to		10,039.37
* continuation sheet / next abstract		

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 2 Limited (in Administration)
Report to creditors pursuant to Paragraph 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
12 December 2011

Appendix 3
Analysis of office holders' time costs for the period 13 May 2011 to 12
November 2011

13/05/2011 to 12/11/2011

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)			4 60		4 60	£811 50	£176 41
General							
Fees and WIP				1 00	1 00	£110 00	£110 00
Statutory and compliance							
Appointment and related formalities	1 50		2 00		3 50	£1 040 00	£297 14
Bonding and bordereau				0 50	0 50	£55 00	£110 00
Checklist & reviews		1 50	4 50		6 00	£1,633 00	£272 17
Pre-appointment checks				0 20	0 20	£22 00	£110 00
Reports to debenture holders	1 00		7 00	0 10	8 10	£2 166 00	£267 41
Statutory receipts and payments accounts	0 10				0 10	£46 00	£460 00
Strategy documents	0 60	1 00			1 60	£636 00	£397 50
Tax							
Initial reviews - CT and VAT	1 00	2 50	1 80		5 30	£1,954 50	£368 77
Post appointment corporation tax	0 20	3 50			3 70	£1,539 50	£416 08
Post appointment VAT		4 00	0 50		4 50	£1,500 00	£333 33
Creditors							
Creditors and claims							
Pre-appointment VAT / PAYE / CT			1 00		1 00	£240 00	£240 00
Secured creditors	3 20	0 50			3 70	£1,644 50	£444 46
Statutory reports			2 00		2 00	£480 00	£240 00
Employees							
Pensions reviews	0 20		1 20		1 40	£380 00	£271 43
Investigation							
Directors							
D form drafting and submission			1 00		1 00	£240 00	£240 00
Statement of affairs			0 20		0 20	£35 00	£175 00
Investigations							
Mail redirection			0 30		0 30	£52 50	£175 00
Realisation of assets							
Asset Realisation							
Health & safety			0 50		0 50	£120 00	£240 00
Leaschold property	4 60		16 00		20 60	£5,743 50	£278 81
Trading code							
Trading							
Purchases and trading costs	0 20				0 20	£92 00	£460 00
Sales	0 80				0 80	£405 50	£506 88
Total in period					70 80	£20 946 50	£295 85



Appendix 4

Schedule of expenses for the period – Period 13 May 2011 to 12 November 2011

Section	Account	Accrued	Paid	Undisclosed in prior	Total
Cost of realisations	Legal fees	2,751.03	699.83		3,450.86
—	Legal disbursements	338.49	15.00		353.49
—	Statutory advertising		67.50		67.50
—	Bank charges		20.00		20.00
—	Joint Administrators' fees	13,546.50	7,400.00		20,946.50
—	Joint Administrators' disbursements	24.19	169.31		193.50
		16,660.21	8,371.64		25,031.85
TOTAL		16,660.21	8,371.64		25,031.85

Creditors are reminded that any additional information can be requested subject to the conditions set out in section 3.5.2