

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company <u>LOYD'S SECURITIES NO.14 LIMITED</u>	Company number <u>04450867</u>
In the <u>HIGH COURT OF JUSTICE</u> <u>CHANCERY DIVISION</u> <u>COMPANIES COURT</u> [full name of court]	Court case number <u>3235 of 2010</u>

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a) DANIEL ROBERT WHITELEY SMITH
AND ROBERT HARRY PICK OF GRANT
THORNTON UK LLP, 30 FINSBURY SQUARE
LONDON, EC2P 2YU

* Delete as applicable

attach a copy of *my / our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 7 June 2010

Signed [Signature]
Joint / Administrator(s)

Dated 7 June 2010

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.

	Tel
DX Number	DX Exchange



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11/06/2010

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COMPANIES HOUSE

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

FRIDAY



Our Ref MBB/ACM/DRS/V00168/PF7 Proposals

TO THE CREDITORS

Recovery and Reorganisation

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7 June 2010

Dear Sirs

**Loyd's Securities No 14 Limited - In Administration (the Company)
In the High Court of Justice, Chancery Division, Companies Court: No 3235
of 2010**

1 INTRODUCTION

- 1.1 Following the appointment of Daniel Smith and I as joint administrators of the Company by the security trustee, The Royal Bank of Scotland plc (RBS), acting on behalf of the senior lenders on 19 April 2010, I am submitting my proposals pursuant to paragraph 49(1) of Schedule B1 to the Insolvency Act 1986 for achieving the objectives of the administration
- 1.2 This report contains the information required by Rule 2.33 of the Insolvency Rules 1986
- 1.3 In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the administrators are to be exercised by any or all of them

2 STATUTORY INFORMATION

- 2.1 The Company's statutory details are summarised in Appendix A.
- 2.2 The administration constitutes "main proceedings" under the EC Regulation on Insolvency Proceedings

3 BACKGROUND TO ADMINISTRATORS' APPOINTMENT

- 3.1 The Company forms part of the Loyd's Group of Companies (the Group) which consists of the following subsidiary companies

Churchill Court Propco Limited
 Loyds Crown Chiltern Limited
 Loyds Propco Holdco Limited
 Crown Albany Care Limited
 Chiltern Care Holdings Limited
 Loyds Propco No 1 Limited
 Loyds Securities No14 Limited
 Loyds Nursing Homes UK Limited
 Loyds Careco UK Limited

All of the above companies were also placed into Administration by RBS, acting as agent for the syndicate of lenders, on 19 April 2010 with Daniel Smith and I appointed as joint administrators

- 3 2 The Group holds a freehold property portfolio which rents out 64 nursing homes acquired in 2008. The properties were originally funded to £191.5m secured by a facility consisting of £154m of senior debt and £37.5m junior and mezzanine facilities and the issue of £22m of discounted bonds. The senior debt was provided by a syndicate of banks,

Nationwide Building Society
 Deutsche Postbank AG
 Alliance and Leicester
 The Bank of Ireland
 The Cooperative Bank plc
 Allied Irish Bank plc

- 3 3 The junior and mezzanine facility were provided by RBS, who act as security trustee on behalf of the above Senior Lenders. RBS also provided an interest hedge on all facilities. The bonds were issued by Braxton Holding Limited. Subsequently additional funding was provided by an inter-company loan from Arazim (Gibraltar) Limited.

- 3 4 At the date of the appointment the freehold properties were held as follows,

Loyds Propco No 1 Limited	57 properties
Loyds Propco No 2 Limited	4
Churchill Court Propco Limited	1
Crown Albany Care Limited	1
Chiltern Care Holdings Limited	1

- 3 5 Grant Thornton UK LLP (the firm) was first consulted by the Senior Lenders, who hold a qualifying floating charge over the assets of the Company in February 2009, with a view to giving advice on the Company's and Group's financial position. The Senior Lenders then instructed the firm to undertake an Independent Business Review (IBR).

- 3 6 Prior to that consultation, neither I nor the firm, had any dealings or involvement with the Company, the directors or its secretary.

- 3 7 The firm carried out an IBR into the Group's financial position and produced a letter of advice to the Senior Lenders on 19 March 2009. The IBR revealed that the Lenders' position was significantly under threat from potential action by a third party to recover an inter-

company debt. The decline in the property market greatly increased the risk of the Lenders' security position.

- 3.8 Having considered all the options and in order to protect their position, the Senior Lenders considered that the best route for the Company was for it to be placed into administration and subsequently, on 16 April 2010 a notice of intention to appoint administrators was filed.
- 3.9 Following the consent of the Senior Lenders, on 19 April 2010, RBS in its capacity as security trustee, made the direct appointment of administrators in accordance with paragraph 22 of Schedule B1 to the Insolvency Act 1986.

4 CONDUCT OF THE ADMINISTRATION

Trading and financing of the administration

- 4.1 Upon my appointment the assets of the Group were immediately insured.
- 4.2 The Administrators have continued to collect rents due from the properties whilst marketing the portfolio.
- 4.3 Information has been sought from the Company's property agents with regard to managing the portfolio and marketing of the portfolio has commenced.
- 4.4 To facilitate the sale of the portfolio the properties have been transferred to newly formed subsidiary companies. These subsidiary companies are subject to inter-company debt in respect of the consideration for any properties transferred.
- 4.5 A receipts and payments account has not been included in these proposals as, to date, there have been no receipts or payments.

5 ASSETS AND LIABILITIES

- 5.1 The directors have been requested to prepare a statement of affairs of the Company, but have not yet done so. An estimate of the financial position of the Company is attached at Appendix B, together with a list of the names and addresses of the creditors.
- 5.2 On present information it is unlikely that there will be any floating charge realisations and accordingly no distribution to the unsecured creditors in accordance with Section 176A of the Insolvency Act 1986.

Assets

- 5.3 The Company's only asset is its cash at bank. Although the present value of this is unknown, the last filed accounts indicated that the Company held cash of £1.

Liabilities

Secured Creditors

- 5 4 RBS act as security trustee for the secured group of Lenders and hold a valid fixed and floating charge dated 29 September 2005. The security is cross-collateralised over the assets of all of the companies within the Group.

- 5 5 The list below details the Senior Lenders and their estimated current exposure,

Nationwide Building Society	£27.3m
Deutsche Postbank AG	£27.3m
Alliance and Leicester	£27.3m
The Bank of Ireland	£18.1m
The Cooperative Bank plc	£13.6m
Allied Irish Bank plc	£26.3m
SENIOR LENDERS TOTAL	£139.9m

Senior Hedge £13.7m

TOTAL £153.6m

- 5 6 RBS holds a further secured junior and mezzanine level of debt to the value of c £30m

Preferential Creditors

- 5 7 The Company has no known preferential creditors at the date of appointment

Unsecured Creditors

- 5 8 The position as regards the Company's unsecured creditors is currently unknown. A schedule detailing the possible unsecured creditors is detailed in the estimated Statement of Affairs

6 PROPOSALS FOR ACHIEVING THE OBJECTIVE OF THE ADMINISTRATION

- 6 1 In accordance with paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, the administrators must perform their functions with the objective of
- a) Rescuing the Company as a going concern, or
 - b) 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
 - c) Realising property in order to make a distribution to one or more secured or preferential creditors
- 6 2 The administrators will pursue the objective of realising property in order to make a distribution to one or more secured or preferential creditors
- 6 3 In the event that any proceedings are brought against the Company, the administrators will continue the Company's defence, so far as he believes appropriate, bearing in mind the objective of selling the business assets as a going concern and mindful of the need to balance the costs of continuing the defence as against the potential detriment to creditors of

abandoning the defence if it appears that funds may be available to the creditors following the conclusion of the administration

- 6 4 It is proposed that the administration will end by the Company either being dissolved or being placed into liquidation. If the Company is placed into liquidation it is proposed that the administrators in office at that date will be appointed joint liquidators. However, creditors may nominate a different liquidator if nomination to that effect is received before the approval of these proposals.

7 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

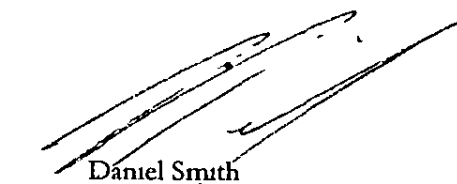
- 7 1 Background information regarding the fees of administrators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Technical' to 'Creditors Guides to Fees'). Alternatively I will supply this information by post on request.
- 7 2 The administrators propose that their remuneration be calculated according to the time properly given by the administrators and their staff in attending to matters arising in the administration. The administrators will seek approval from the secured creditors in accordance with paragraph 2 106 (5A) of the Insolvency Act 1986.
- 7 3 The administrators will charge out of pocket expenses at cost. Mileage is charged at standard rates which comply with HM Revenue and Customs limits or AA recommended rates. VAT is added to disbursement charges as necessary.
- 7 4 The senior lenders have contributed to an escrow account to fund the administrators' remuneration and disbursements. These funds will subsequently be reimbursed from funds held in the administration in priority to the claims of creditors.
- 7 5 In accordance with Statement of Insolvency Practice 9, I attach at Appendix C a summary of the joint administrators' time costs from 19 April to 28 May 2010, by grade of staff and by type of work. Time costs for this period amounted to £2,940 representing 10 hours at an average of £298 per hour.
- 7 6 The standard charge out rates for the Recovery and Reorganisation Department at Grant Thornton UK LLP are detailed in Appendix D.

8 MEETING OF CREDITORS

- 8 1 A meeting of creditors has not been convened because, in accordance with paragraph 52(1) of Schedule B1 to the Insolvency Act 1986, I am of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A of the Insolvency Act 1986.
- 8 2 The proposals contained in this statement will be deemed to have been approved by the creditors unless, within 12 days of this statement being sent out, a meeting is requisitioned by creditors whose debts amount to at least 10% by value of the total debts of the Company.

Should you have any queries please contact Mark Birbeck on 020 7728 2079

Yours faithfully
for and on behalf of Loyd's Securities No.14 Limited



Daniel Smith
Joint Administrator

The affairs, business and property of Loyd's Securities No 14 Limited are being managed by Daniel Smith and Robert Pick, appointed as joint administrators on 19 April 2010

Loyd's Securities No 14 Limited - In Administration**Appendix A****Statutory details**

Registered number	04950867
Date of incorporation	3 November 2003
Registered office	30 Finsbury Square, London EC2P 2YU
Issued share capital	1 ordinary share at £1
Shareholder	Loyds Propco No 1 Limited
Directors:	J Muntwyler L Rechsteiner P Den Hollander T Casari

A - Summary of Assets**Assets****Assets subject to fixed charge**

Cash

Less due to chargeholder

Surplus**Assets subject to floating charge****Estimated total assets available for preferential creditors**

Book value	Estimated to realise
£	£
1	Uncertain
(183,600,000)	(183,600,000)
(183,599,999)	Uncertain
-	-
(183,599,999)	Uncertain

A1 - Summary of Liabilities

Estimated total assets available for preferential creditors	Uncertain
Liabilities	
Preferential creditors	-
Estimated surplus as regards preferential creditors	Uncertain
Estimated prescribed part of net property where applicable	-
Estimated total assets available for floating charge holders	Uncertain
Debts secured by floating charge	-
Estimated assets available after floating charges	Uncertain
Estimated prescribed part of net property brought down	-
Total assets available to unsecured creditors	Uncertain
Unsecured non preferential claims	Uncertain
Estimated deficiency as regards creditors	Uncertain
Issued and called up capital	1
Estimated deficiency as regards members	Uncertain

NAME	ADDRESS 1	ADDRESS 2	ADDRESS 3	ADDRESS 4	ADDRESS 5	AMOUNT
Ms S Leuchars	Allied Irish Bank	St Helen's	1 Undershaft	London	EC3A 8AB	26,348,169 15
Mr A Kashim	Nationwide Building Society	Kings Park Road	Moulton Park	Northampton	NN3 6NW	27,256,726 66
Deutsche Postbank AG	61 Queen Street	London	EC4R1JAF			27,256,726 66
Alliance & Leicester	2 Triton Square	Regent's Place	London	NW13AN		27,256,726 69
The Bank of Ireland	Alhambra House	9 Saint Michael's Road	Croydon, Surrey			18,171,151 13
The Cooperative Bank	The Co-operative Bank p l c	(990937) P O Box 101	1 Balloon Street	Manchester, M60 4EP		13,628,363 34
Ms A Bopp	The Royal Bank of Scotland plc	135 Bishopsgate	London	EC2M 3UR		Unknown
Mr D Gilder	Ask Re The Property People LLP	3rd Floor	2 Gees Court	St Christopher's Place		Unknown
Martin & Heller	5 Northend Road	Golders Green	London	NW11 7RJ	London W1U 1JA	Unknown
Mr R Kaufman	Fladgate LLP	25 North Row	London	W1K 6DJ		Unknown

Company Shareholders
Issued share capital

<u>Name of Shareholder</u>	<u>Address</u>	<u>No of shares held</u>	<u>Nominal value (£)</u>	<u>Details of shares held</u>
Loyds Propco No 1 Limited	Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU	1	1	Ordinary

Lloyd's Securities No.14 Limited - In Administration

SIP 9 WIP ANALYSIS FOR THE PERIOD FROM 19 APRIL 2009 TO 28 MAY 2010		Partner		Manager		Senior		Admin/Support		Total		Average	
		Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hourly Rate	Hourly Rate
Administration and Planning		0 00	0 00	3 00	915 00	2 00	496 00	0 00	48 00	5 00	1,459 00	283 00	
Investigations		0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
Realisation of Assets		1 00	561 00	2 00	495 00	0 00	88 00	0 00	0 00	3 00	1,144 00	381 00	
Creditors		0 00	0 00	0 00	132 00	1 00	114 00	1 00	91 00	2 00	337 00	198 00	
Trading		0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
Grand Total		1 00	561 00	5 00	1,542 00	3 00	698 00	1 00	139 00	10 00	2,940 00	298 00	

Administration & Planning

Includes, case planning, statutory returns, maintenance of bank accounts and estate records, matters relating to tax, general correspondence, legal advice, meetings, employee matters

Investigations

Includes, Statutory duty of investigation into company's affairs under Statement of Insolvency Practice (SIP2)

Realisation of Assets

Includes, dealing with the sale of the business and the assets of the Company, dealing with Solicitors, collecting book debts

Creditors

Includes, correspondence with preferential and unsecured creditors, pensions and employees

Trading

Includes, time on site

Loyd's Securities No.14 Limited - In Administration**Grant Thornton UK LLP Charge Out Rates**

	19 April to date
Partner	410 - 510
Director	420
Associate Director	385
Manager	330
Assistant Manager	275
Executive 2	205 - 250
Executive 1	230
Administrator 2	165 - 190
Administrator 1	135 - 140
Secretary	130
Filing Clerk	130
Treasury	150