

The Insolvency Act 1986

Administrator's progress report

Name of Company

PPH1 Limited

Company number

05410412

In the
High Court of Justice, Chancery Division,
Companies Court

(full name of court)

Court case number
8349 of 2013(a) Insert full
name(s) and
address(es) of
administrator(s)We (a)
Ian Colin Wormleighton
Deloitte LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WANeville Barry Kahn
Deloitte LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WA

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

From

To

(b) Insert date

(b) 28 November 2013

(b) 27 May 2014

Signed


Joint Administrator

Dated

23/6/14

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

Carly Scholes
Deloitte LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WA

DX Number LDE DX599

Tel 020 7936 3000
DX ExchangeWhen 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

WEDNESDAY

A18 *A3AS34ZM* #177
COMPANIES HOUSE

**PPH1 LIMITED
(IN ADMINISTRATION)
("the Company")**

Court No. 8349 of 2013

**SIX MONTHLY PROGRESS REPORT TO CREDITORS FOR THE PERIOD TO 27 MAY
2014 PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986 AND THE
INSOLVENCY (AMENDMENT) RULES 2010**

23 June 2014

This report has been prepared for the sole purpose of updating the creditors for information purposes. The report may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Ian Colin Wormleighton and Neville Barry Kahn were appointed Joint Administrators of PPH1 Limited on 28 November 2013. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

Ian Colin Wormleighton and Neville Barry Kahn
Deloitte LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WA

Tel 0207 936 3000
Fax 0207 007 3442

CONTENTS

Page

1. INTRODUCTION	1
2. ADMINISTRATORS' PROPOSALS	2
3. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT	5
4. DISTRIBUTIONS TO CREDITORS	6
5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS	7
6. ADMINISTRATORS' REMUNERATION AND EXPENSES	9

APPENDICES

- 1. Statutory information**
- 2. Administrators' receipts and payments account for the period 28 November 2013 to 27 May 2014**
- 3. Administrators' time costs for the period 28 November 2013 to 27 May 2014**

ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used

"the Act"	Insolvency Act 1986 (as amended)
"the Administrators"	Ian Colin Wormleighton and Neville Barry Kahn of Deloitte LLP
"Ashurst"	Ashurst LLP, a firm of lawyers
"c"	Circa
"the Company" or "PPH1"	PPH1 Limited (in Administration)
"the Court"	The High Court of Justice, Chancery Division, Companies Court
"Deloitte"	Deloitte LLP
"the Directors"	David Maxwell and Pendragon Management Services Limited
"Junior Secured Lenders"	The Junior Lenders as stated in the facility agreement as amended on and restated on 20 April 2007, 14 December 2010 and 27 July 2011
"m"	Million
"PP"	Prescribed Part
"the Properties"	The eighty-one car showrooms which were the sole assets of the Company
"the Purchaser"	King Arthur Properties S A R L
"QFCH"	Qualifying Floating Charge Holder
"the Rules"	Insolvency Rules 1986 and the Insolvency (Amendment) Rules 2010
"SPA"	Sale & Purchase Agreement
"the Security Trustee"	The Royal Bank of Scotland plc
"Senior Secured Lender"	Isobel AssetCo Limited
"SIP2 (E&W)"	Statement of Insolvency Practice 2 (England & Wales)
"SIP7 (E&W)"	Statement of Insolvency Practice 7 (England & Wales)
"SIP9 (E&W)"	Statement of Insolvency Practice 9 (England & Wales)
"SIP13 (E&W)"	Statement of Insolvency Practice 13 (England & Wales)

1. INTRODUCTION

1.1 Introduction

This report has been prepared in accordance with Rule 2.47 of the Rules to provide creditors with an update on the progress of the Administration of the Company since the Administrators' proposals dated 9 January 2014.

Given the information previously provided to creditors in the proposals, we have not included detailed background information in respect of the Company and have focused on progress of the Administration subsequent to that report.

The Administrators' proposals were approved following the issue of a notice under Paragraph 52(1) of Schedule B1 of the Act on 9 January 2014 and the expiry of 8 business days thereafter and are detailed in section 2.1 below.

A schedule of statutory information in respect of the Company is attached at Appendix 1.

1.2 Details of the appointment of the Administrators

Ian Colin Wormleighton and Neville Barry Kahn of Deloitte were appointed Administrators of the Company by The Royal Bank of Scotland plc, IB Agency, 250 Bishopsgate, London, EC2M 4AA on 28 November 2013.

The Court having conduct of the proceedings is the High Court of Justice, Chancery Division, Companies Court (case number 8349 of 2013).

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

1.3 Electronic communication with creditors

In an effort to reduce the costs of the Administration, all future communications with creditors, including updates and progress reports, have been and will be posted onto a website, which has been set up specifically for this purpose. The web address is www.deloitte.com/uk/pph.

A letter will be issued to all creditors each time the website is updated with a statutory notice or report. All creditors' statutory notices will be retained on the website for 3 months after being uploaded to the site.

2. ADMINISTRATORS' PROPOSALS

2.1 Introduction

As previously reported to creditors, the Company had unsuccessfully attempted to negotiate a consensual restructuring arrangement with its lenders prior to the Administration. The Administrators therefore concluded that a rescue of the Company as a going concern was not possible to achieve.

Consequently, the Administrators have performed their functions in relation to the Company with the objective set out in Paragraph 3(1)(b) of Schedule B1 of the Act, which is to achieve 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).

The Administrators' proposals in order to achieve this objective, which, as noted above, were deemed approved following the issue of a notice under Paragraph 52(1) of Schedule B1 of the Act on 9 January 2014 and the expiry of 8 business days thereafter are as follows:

- 1 the Administrators continue to manage the affairs and any remaining assets of the Company and the settlement of all Administration expenses,
- 2 the Administrators continue with their enquiries into the conduct of the Directors of the Company and continue to assist any regulatory authorities with their investigation into the affairs of the Company,
- 3 the Administrators be authorised to agree the claims of the secured, and any unsecured creditors against the Company where applicable unless the Administrators conclude, in their reasonable opinion, that the Company will have no assets available for distribution,
- 4 the Administrators be authorised to distribute funds where applicable to the secured creditors as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application,
- 5 that, in the event the creditors of the Company so determine, at a meeting of creditors of the Company, a Creditors' Committee be appointed in respect of the Company comprising of not more than five and not less than three creditors of the Company,
- 6 that, if a Creditors' Committee is not appointed, the secured creditors of the Company shall be asked to fix the basis of the Administrators' remuneration in accordance with Rule 2.106(5A)(a), by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT. In addition those creditors shall also be asked to agree the Administrators' expenses of which the Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Administrators and their staff in attending to matters arising in the Administration, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred, plus VAT where applicable,

- 7 that, following the realisation of assets and resolution of all matters in the Administration, and as quickly and efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the Administration. This may include the distribution of funds to unsecured creditors (provided Court permission is obtained) and then the dissolution of the Company or alternatively, seeking to put the Company into Creditors' Voluntary Liquidation ("CVL"), Compulsory Liquidation, or a solvent exit from Administration whereby the Company would be returned to the Directors, depending on which option will result in a better realisation for creditors,
- 8 that, if the Company were to be placed into CVL, the Administrators propose to be appointed Liquidators and any Creditors' Committee appointed will become the Liquidation Committee pursuant to Rule 4.174A of the Rules and that the basis of the Liquidators' remuneration be fixed by reference to the time given in attending to matters arising in the Liquidations. As per Paragraph 83(7) of Schedule B1 of the Act and Rule 2.117A(2)(b) of the Rules, the creditors may nominate a different person to be Liquidator(s) provided the nomination is made before the proposals are approved by creditors. For the purposes of Section 231 of the Act the Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally, and
- 9 in the absence of a Creditors' Committee, the creditors of the Company agree that the Administrators be discharged from liability per Paragraph 98 and 99 of Schedule B1 of the Act immediately upon the Administrators' filing their final report to creditors with the Registrar of Companies

2.2 Progress on and achievement of the approved proposals

We have summarised below the progress and current status in respect of each of the approved proposals

Proposal	Current status
1	The Administrators have continued to manage the affairs of the Company as detailed in the Administrator's proposals dated 9 January 2014
2	The Administrators have concluded their initial investigations into the conduct of the directors and their confidential report was submitted to the Insolvency Service on 1 May 2014
3	There are no known preferential or unsecured creditors. See 4 below regarding the secured creditor distribution
4	Following the sale of the Company's assets, funds were paid directly from the proceeds of the sale of the assets to the Senior Secured lender by the Purchaser in lieu of a fixed charge distribution
5	No creditors' committee was appointed
6	As no creditors' committee was formed and there are no preferential creditors, the secured creditors have been asked to fix the basis of remuneration under Rule 2.106(5A)(a)
7 & 8	It is proposed that the Company will exit Administration via dissolution
9	In the absence of a creditors' meeting being held, and as no creditors' committee was formed, the Administrators will seek their discharge from the secured creditors

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report

3. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

3.1 Introduction

Attached at Appendix 2 is a receipts and payments account covering the period from 28 November 2013 to 27 May 2014, in accordance with SIP7 (E&W)

In this section, we have summarised the main asset realisations during the six month period and an estimation of the those assets yet to be realised, together with details of costs incurred but as yet remain unpaid

3.2 Asset realisations

As previously reported, a transaction was completed on 28 November 2013 which resulted in the Properties being sold to the Purchaser for £170m

In accordance with the SPA, the Administrators have received funds of £5,453,713, which were retained from the sale proceeds to cover certain costs and any potential claims in respect of the transaction

In addition, the Company has received the sum of £4,516 in respect of bank interest and £142,277 in respect of a pre-appointment VAT refund

3.3 Estimated future realisations

The only further realisations anticipated relate to potential tax reclaims and a sale of tax losses

3.4 Costs incurred but remain unpaid

Costs which have been incurred and remain unpaid comprise Administrators' fees and expenses, and unbilled legal costs

3.5 Estimated outcome for creditors

It is anticipated that a further distribution will be made to the Security Trustee to be paid in accordance with the relevant waterfall. The majority of the distribution will be from the funds retained from the sale proceeds. The amount of such distribution is yet to be determined

4. DISTRIBUTIONS TO CREDITORS

4.1 Secured creditors

As previously reported, the Company's indebtedness to the secured creditors on the date of the appointment of the Administrators, and as set out in the Statement of Affairs, is summarised in the table below

Secured debt type	Value (£m)
Senior swap	7
Senior loan	81
Junior swap	16
Junior loan	76
Unpaid senior interest	6
Deutsche Pfandbriefbank AG back end fee	8
Total	194

The Senior Secured Lender was repaid in full following the sale of the Properties. Given that there will be no significant further realisations, it is not envisaged that the Junior Secured Lenders will be repaid in full.

4.2 Preferential creditors

There are no known preferential creditors.

4.3 Prescribed Part

The Prescribed Part (section 176A of the Insolvency Act 1986 (Prescribed Part) Order 2003) applies where there are floating charge realisations, net of costs to be set aside for unsecured creditors. This equates to

- 50% of net property up to £10,000,
- Plus, 20% of net property in excess of £10,000
- Subject to a maximum of £600,000

There are no unsecured creditors therefore there will not be a distribution under the PP.

4.4 Unsecured creditors

According to the Directors' Statement of Affairs there were no unsecured creditors at the date of appointment of Administrators.

5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

5.1 Extensions to the initial appointment period

The Administrators do not anticipate that it will be necessary to seek an extension of the Administration beyond the end of the initial period of their appointment

5.2 Investigations

As part of the Administrators' statutory duties, an investigation into the conduct of the Company Directors was completed

In this regard, a confidential report was submitted to The Insolvency Service on 1 May 2014

5.3 Initial Assessment of Potential Recoveries

In accordance with the guidance given in SIP2 (E&W) and as part of our duties as Administrators, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment included enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Company

Having completed this review, we identified no further avenues of recovery

If you have any information that you feel we should be made aware of in relation to the above, please contact us as a matter of urgency

5.4 Exit

It is likely that the most appropriate exit route from Administration for the Company will be via dissolution

5.5 Transactions with connected parties

In accordance with the guidance given in SIP13 (E&W), we are required to report on the Company's transactions with connected parties during the period of this report and the two years prior to our appointment

The transaction itself was entered into with a related party as detailed in the SIP16 letter sent to creditors on 28 November 2013 and included at Appendix 4 of the Administrators' proposals dated 9 January 2013

Additionally, DPK Management Limited (a company controlled by David Maxwell), Pendragon Property Holdings Services Limited and Pendragon Management Services Limited (both companies controlled by Pendragon plc) provided property management services to the Company. Payments made in respect of these services in the two years prior to appointment are summarised in the following table

Payee	£ (inc VAT)
DPK Management Ltd	134,801
Pendragon Management Services Ltd	149,789
Pendragon Property Holdings Ltd	259,831
Total	544,421

Furthermore, the Company historically received rental payments of £42.6m from Pendragon Property Holdings Limited

We have reviewed these transactions and are of the opinion that they were completed at an arm's length basis and in the normal course of business and therefore no further action is necessary

5.6 EU Regulations

As stated in the Administration Order in respect of the Company, Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation

6. ADMINISTRATORS' REMUNERATION AND EXPENSES

6.1 Administrators' remuneration

7.1.1 Basis of remuneration

We are currently awaiting a secured creditor resolution to fix the basis of the Administrators' remuneration

7.1.2 Remuneration

For the initial six months, the Administrators have incurred time costs of £95,527 75 made up of 183 hours at an average charge out rate of £523 across all grades of staff, this time is charged in six minute increments

These time costs are detailed at Appendix 3 where the work has been categorised into the following task headings and sub categories

- **Administration and planning** includes case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case record, statutory reporting, compliance, cashiering and accounting
- **Investigations** includes investigating the Company's affairs and in particular any antecedent transactions and also reporting on the conduct of its directors
- **Realisation of Assets** includes identifying assets, sale of business, transition of contracts and property issues
- **Creditors** includes creditor communications
- **Other matters** includes VAT and taxation matters

As reported above, we are awaiting a secured creditor resolution to fix the basis of the Administrators' remuneration. No time costs have been drawn and paid in the period of this report

"A Creditors' Guide to Remuneration" is available for download at www.deloitte.com/uk/sip-9-england-and-wales

Should you require a paper copy, please send your request in writing to the Administrators at the address on the front of this report and this will be provided to you at no cost

Expenses

The Administrators' direct expenses for the period of this report are as follows

Nature of expenses	Total incurred (£)
Statutory Advertising	101 52
Insurance	106 00
Administrators' bonding	230 00
Website costs	500 00
Total	937 52

No expenses have been paid to date

6.2 Charge out rates

The range of charge out rates in force during the Administration is summarised below
Manager rates include all grades of assistant manager

Grade	£ 2013/2014
Partners/Directors	605 to 950
Managers	305 to 720
Assistants and Support Staff	155 to 305

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, Corporate Finance 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/or claims agreed.

Charge out rates will be subject to review from 1 September 2014.

6.3 Other professional costs

As previously advised, Ashurst LLP was instructed by the Administrators to advise on

appropriate legal matters and to prepare required legal documentation

To date, £8,500 plus VAT has been incurred but not yet billed. All professional costs are reviewed and analysed before payment is approved.

6.4 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 the Administrators 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.

6.5 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 the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 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.

PPH1 LIMITED (IN ADMINISTRATION)

STATUTORY INFORMATION

Company Name	PPH1 Limited
Previous names	Intercede 2036 Limited
Proceedings	Administration
Court	High Court of Justice, Chancery Division, Companies Court
Court reference	8349 of 2013
Date of appointment	28 November 2013
Administrators	Ian Colin Wormleighton and Neville Barry Kahn Deloitte LLP PO Box 810 66 Shoe Lane London EC4A 3WA
Registered office address	c/o Deloitte LLP Hill House 1 Little New Street London EC4A 3TR
Company number	05410412
Incorporation date	1 April 2005
Company Secretary	Hilary Claire Sykes
Bankers	The Royal Bank of Scotland
Auditors	KPMG LLP
Appointment by	The Security Trustee in their capacity as QFCH – under paragraph 14 of Schedule B1 of the Act
Directors at date of appointment	David Maxwell and Pendragon Management Services Limited
Directors' shareholdings	David Maxwell – 49% A related company of Pendragon Management Services holds the remaining 51%

PPH1 Limited
(In Administration)

Administrators' receipts and payments account
for the period 28 November 2013 to 27 May 2014

	Notes	Statement of Affairs Estimated to Realise (£)	Total (£)
Receipts			
Retention funds from sale of business		-	5,453,713
VAT refund		-	142,277
Interest accrued on VAT refund		-	16
Bank Interest		-	4,516
			<u>5,600,522</u>
Payments			
			-
			-
Balance	1		<u>5,600,522</u>

Notes

1 £170m (net of retentions and costs) was paid directly to the Senior Secured Lender in lieu of a distribution on our instruction

Time costs for the period 28 November 2013 to 27 May 2014

PPH1 Limited
(In Administration)

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning									
Cashiering and Statutory Filing	-	-	2 40	1 136 00	2 90	831 00	5 30	1 967 00	371 13
Case Supervision, Management and Closure	-	-	4 30	2 153 00	14 45	3 694 25	18 75	5 847 25	311 85
Initial Actions (e.g. Notification of Appointment, Securing Assets)	8 00	7 000 00	28 90	12 655 50	26 95	6 492 75	63 85	26 148 25	409 53
General Reporting	-	-	36 30	14 650 50	2 75	811 25	39 05	15 461 75	395 95
	8 00	7 000 00	71 90	30 595 00	47 05	11 829 25	126 95	49 424 25	389 32
Investigations									
Reports on Directors' Conduct	0 50	475 00	-	-	6 50	1 917 50	7 00	2 392 50	341 79
	0 50	475 00	-	-	6 50	1 917 50	7 00	2 392 50	341 79
Realisation of Assets									
Other Assets (e.g. Stock)	-	-	-	-	0 60	177 00	0 60	177 00	295 00
Property - Freehold and Leasehold	9 50	9 025 00	-	-	0 50	147 50	10 00	9 172 50	917 25
Sale of Business / Assets	-	-	0 20	79 00	-	-	0 20	79 00	395 00
	9 50	9 025 00	0 20	79 00	1 10	324 50	10 80	9 428 50	873 01
Creditors									
Secured	2 00	1 900 00	-	-	-	-	2 00	1 900 00	950 00
	2 00	1 900 00	-	-	-	-	2 00	1 900 00	950 00
Other Matters Include									
Tax and VAT	25 00	26 086 00	6 90	5 116 50	4 00	1 180 00	35 90	32 382 50	902 02
	25 00	26 086 00	6 90	5 116 50	4 00	1 180 00	35 90	32 382 50	902 02
TOTAL HOURS & COST	45 00	44 486 00	79 00	35 790 50	58 65	15 251 25	182 65	95 527 75	523 01

TOTAL FEES DRAWN TO DATE

0 00