

The Hotel Corporation plc
("HCP" or the "Company")

Interim results for the six months ended 30 June 2014

The Company today announces its unaudited interim results for the six months ended 30 June 2014, which are also available for download from the Company's website: www.thehotelcorporation.co.im.

For further information:

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Directors' Report

The Directors present their half yearly report on the affairs of The Hotel Corporation plc ("the Company"), together with the Unaudited Condensed Financial Statements and independent review report for the six months ended 30 June 2014.

Principal Activity

The principal activity of the Company is to invest in businesses within the hotels sector in the United Kingdom.

Results of the Company

Revenue for the period is stated at £nil (2013H1: £nil). During the period ended 30 June 2014, shareholder bond interest and preference share dividend payments have not been recognised as it is not considered probable that they will be received. See note 2 for further details. After deducting administrative expenses, operating losses amounted to £0.1m (2013H1: £0.1m operating loss), resulting in a loss before tax of £0.1m (2013H1: £0.1m loss). No tax is payable for the year due to the zero income taxation provisions in the Isle of Man. Basic loss per share was 0.12p (2013H1: loss per share 0.18p).

The Company's net asset value per share ("NAV"), as at 30 June 2014 is 1.14p (2013H1: 1.41p), with the Company continuing to value its investment in UK Group of Hotels plc ("UK Group of Hotels") ([formerly Puma Hotels plc](#)) at £nil (2013H1: £nil) as disclosed in note 7. We have no further information available to us other than the information disclosed in note 7 [and note 12](#) to revise this carrying value of £nil.

Dividend

The Directors do not recommend an interim dividend (2013H1: £nil).

Corporate Governance Statement

The Board of Directors are aware of the principles of corporate governance contained in the UK Corporate Governance Code.

Although the Company's shares have been admitted on to the Alternative Investment Market and the Company is not required to comply with the UK Corporate Governance Code, the Board

monitors the Company's established procedures or provides corporate governance disclosures to the extent that it is appropriate for the size and stage of development of the Company. The directors have chosen to give selected disclosures that they believe are necessary/valuable to readers.

The Board is aware that it now comprises of two non-executive Directors. They are collectively responsible for all matters of good governance, and audit and remuneration committees will only be established by the Board if the Company's activities expand to the extent where the collective responsibility of the Board is more appropriately served by the establishment of such committees.

It is the Board's intention, whilst its investment in UK Group of Hotels remains as it is, to contain costs and maximise income. In keeping with that policy it is not the Board's intention to add to costs by inviting any additional Directors at this time.

The Board considers that it has the necessary expertise and experience to manage the Company in its present form, but will keep the situation under review.

Events after the Balance Sheet Date

The Company has been notified that at the General Meeting ("GM") of Puma Hotels plc ("Puma") on 10 July 2014, the resolution to change Puma's name to UK Group of Hotels plc ("UK Group of Hotels") was approved by shareholders. The Company owns 49.92% of UK Group of Hotels, which has recently rebranded itself as "The Hotel Collection" following the acquisition of its senior debt by LSREF III Wight Limited ("Lone Star") from Irish Bank Resolution Corporation Limited.

The Company announced that on 4 August 2014 Paul John Clark, Paul David Williams and David John Whitehouse, each of Duff & Phelps Ltd, were appointed as joint administrators of UK Group of Hotels plc (formerly Puma Hotels plc), in which the Company holds a 49.92 percent% interest.

The Company's investment in UK Group of Hotels plc is fully written down to £nil.

Going Concern

The continued monitoring of the Company's investment in UK Group of Hotels, together with the containment of operating costs, has remained the focus of our attention.

We have subsequently heard from the administrators on 11 September 2014 that they have also been appointed as joint administrators to the 18 subsidiary companies including all of the entities holding the 21 hotels. All of the UK Group of Hotels assets and business including the hotels have now been sold in pre-packed sales to new entities which are ultimately controlled by Lone Star funds.

The administrators advise that based on the realisations from the hotels that there is not expected to be any return to the shareholders of UK Group of Hotels. At the same time they have also confirmed that UK Hotels (Finance) plc (formerly Puma Hotels (Finance) plc) has been placed in to administration and there is not expected to be any return to the bondholders.

In the circumstances, we expect to place recommendations regarding the future of The Hotel Corporation plc before shareholders once the administrator's final report is received. At this stage the Company has adequate financial resources and is considered a Going Concern as detailed in note 1.

Registered office:
Burleigh Manor
Peel Road
Douglas
Isle of Man
IM1 5EP

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By order of the Board
D. W. Short
Director
24— September 2014

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By order of the Board
D. P. Craine
Director and Company Secretary
—24 September 2014

Independent Review Report to
The Hotel Corporation plc

We have been engaged by The Hotel Corporation plc (“the Company”) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprise the condensed company statement of comprehensive income, the condensed statement of financial position, condensed company statement of changes in equity, the condensed company statement of cash flows and related notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the Company Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Condensed Company Statement of Comprehensive Income
For the six months ended 30 June 2014

		Six Months ended		Year ended
		30 June	30 June	31 December
		2014	2013	2013
	Notes	(Unaudited)	(Unaudited)	(Audited)
		£'000	£'000	£'000
Continuing Operations				
Revenue	2	-	-	-
Administrative expenses		<u>(61)</u>	<u>(95)</u>	<u>(173)</u>
Operating Loss		(61)	(95)	(173)
Bank interest receivable		<u>1</u>	<u>7</u>	<u>8</u>
Loss before tax		(60)	(88)	(165)
Taxation	4	<u>-</u>	<u>-</u>	<u>-</u>
Loss after taxation and total comprehensive loss for the period/year		<u>(60)</u>	<u>(88)</u>	<u>(165)</u>
Loss per Share				
Basic and diluted	6	(0.12p)	(0.18p)	(0.33p)

The accompanying notes are an integral part of these condensed financial statements.

Condensed Company Statement of Financial Position
As At 30 June 2014

	Notes	30 June 2014 (Unaudited) £'000	30 June 2013 (Unaudited) £'000	31 December 2013 (Audited) £'000
Non-Current Assets				
Investments	7	-	-	-
Current Assets				
Trade and other receivables		10	-	9
Cash and Cash Equivalents		592	727	642
		<u>602</u>	<u>727</u>	<u>651</u>
Total assets		<u>602</u>	<u>727</u>	<u>651</u>
Liabilities				
Current Liabilities				
Trade and other payables		36	24	25
		<u>566</u>	<u>703</u>	<u>626</u>
Net Assets		<u>566</u>	<u>703</u>	<u>626</u>
Capital and Reserves				
Share Capital	8	2,491	2,491	2,491
Share Premium Account		11,015	11,015	11,015
Retained Losses		<u>(12,940)</u>	<u>(12,803)</u>	<u>(12,880)</u>
Equity attributable to owners of the Company		<u>566</u>	<u>703</u>	<u>626</u>

The accompanying notes are an integral part of these condensed financial statements.

Condensed Company Statement of Changes in Equity
For the six months ended 30 June 2014

Notes	Share Capital £'000	Share Premium Account £'000	Retained losses £'000	Total £'000
Balance at 1 January 2013	2,491	11,015	(12,715)	791
Loss for the period	-	-	(88)	(88)
	<u>2,491</u>	<u>11,015</u>	<u>(12,803)</u>	<u>703</u>
Balance at 30 June 2013 (Unaudited)				

Notes	Share Capital £'000	Share Premium Account £'000	Retained losses £'000	Total £'000
Balance at 1 January 2013	2,491	11,015	(12,715)	791
Loss for the period	-	-	(165)	(165)
	<u>2,491</u>	<u>11,015</u>	<u>(12,880)</u>	<u>626</u>
Balance at 31 December 2013 (Audited)				

Notes	Share Capital £'000	Share Premium Account £'000	Retained losses £'000	Total £'000
Balance at 1 January 2014	2,491	11,015	(12,880)	626
Loss for the period	-	-	(60)	(60)
	<u>2,491</u>	<u>11,015</u>	<u>(12,940)</u>	<u>566</u>
Balance at 30 June 2014 (Unaudited)				

The accompanying notes are an integral part of these condensed financial statements.

Condensed Company Statement of Cash Flows
For the six months ended 30 June 2014

		Six Months Ended 30 June 2014 (Unaudited) £'000	30 June 2013 (Unaudited) £'000	Year Ended 31 December 2013 (Audited) £'000
	Notes			
Net cash outflow from Operating Activities	9	(51)	(87)	(173)
Investing activities				
Interest received		1	7	8
Net cash generated in Investing activities		1	7	8
Financing activities				
Dividends paid	5	-	-	-
Net cash outflow from financing activities		-	-	-
Net decrease in cash and cash equivalents		(50)	(80)	(165)
Cash and cash equivalents at beginning of period/year		642	807	807
Cash and cash equivalents at end of period/year		592	727	642

The accompanying notes are an integral part of these condensed financial statements.

Notes to the Condensed Company Financial Statements

1. Significant Accounting policies

Basis of preparation

The annual financial statements of The Hotel Corporation plc are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, as adopted by the European Union.

On 31 October 2012, the IASB issued ‘Investment entities: Amendments to IFRS 10, IFRS 12 and IAS 27’. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2014, but earlier application is permitted. Accordingly, the Company adopted Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27) and applied the amended standard in the financial statements for the year ended 31 December 2012.

The Company meets the definition of an Investment Entity as defined by IFRS 10 and is required to account for the investment in UK Group of Hotels at fair value through profit or loss. These separate condensed financial statements are the only financial statements presented by the Company.

In accordance with IFRS 10 as amended by Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27), the Company shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, the Company will measure its investment in its subsidiaries at fair value through profit or loss in accordance with IAS 39.

~~In accordance with the adoption of Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27), the Company is required to apply the requirements retrospectively. The retrospective application results in the Company preparing separate financial statements as its only financial statements covering both the current and prior periods.~~

The Company holds 49.92% of the ordinary shares of UK Group of Hotels (formerly Puma Hotels plc) as well as convertible preference shares. If all the convertible preference shares held by the Company are converted into ordinary shares in the future the Company will own 53.28% of UK Group of Hotels, on a fully converted basis. Under previously adopted IFRS, this had required consolidation of the UK Group of Hotels results.

The assessment that the Company is an Investment Entity has had no effect on the total fair value, as of the date of change of status, of the investment in UK Group of Hotels. The fair value remains £nil as at 30 June 2014. There has been no gain or loss in profit or loss attributable to the Company incurred as a result of the assessment that the Company is an Investment Entity.

There have been no changes in accounting policies from the adoption of new and revised standards in the period to 30 June 2014. There have been no changes in critical accounting judgements and key sources of estimation uncertainties from those disclosed in the audited financial statements for the year ended 31 December 2013.

Going Concern

In light of recent events as outlined in note 12, ~~there will be~~ no future income and indeed no return from the investment in UK Group of Hotels plc is expected. The Board will give consideration now to the way forward.

The Company has adequate financial resources. In considering the ability of the Company to continue as a Going Concern the Directors have considered the Company cash flow forecasts. These cash flow forecasts indicate that the Company has sufficient

resources to meet its ongoing operating expenses into the foreseeable future. UK Group of Hotels has no recourse to the Company which is solvent.

Bearing in mind it has sufficient financial resources to continue its activities whilst is considers its future, the Directors believe it is appropriate to prepare these financial statements on a Going Concern basis.

Revenue recognition

Revenue represents accrued interest on a bank deposit.

Dividend and interest income recognition

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

2. Revenue

An analysis of the Company's revenue is as follows:

	(Unaudited) Six Months Ended		(Audited) Year Ended
	June 2014 £'000	June 2013 £'000	2013 £'000
Continuing operations			
Interest on bonds	-	-	-
Preference share dividend	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>

Following communications received from UK Group of Hotels, the Company announced on the 16 December 2011 and confirmed on the 2 April 2012 that the payments due from UK Group of Hotels on the Bonds and Cumulative Preference Shares will be deferred until further notice.

Following these communications and after review of the UK Group of Hotels financial statements for the year ended 31 December 2012, the Directors have assessed that receipt of this revenue is not probable. Accordingly, the Company has not recognised revenue due of £993,000 (30 June 2013: £993,000, 31 December 2013: £1,986,000) in respect of interest on bonds and £412,000 in respect of dividends on preference shares (30 June 2013: £412,000, 31 December 2013: £824,000).

3. Business and geographical segments

All income is derived from the Isle of Man.

4. Company Tax on loss on ordinary activities

A 0% rate of corporate income tax is applicable to the Company's income and therefore no provision for liability to Manx income tax has been included in these condensed financial statements.

5. Dividends

The Directors do not recommend the payment of an interim dividend in respect of the six month period to 30 June 2014 (30 June 2013: £nil, 31 December 2013: £nil).

6. Loss per share

Continuing Operations

Losses: Company	(Unaudited)		(Audited)
	Six Months ended		Year ended
	30 June	30 June	31 December
	2014	2013	2013
	£'000	£'000	£'000
Losses for the purposes of basic earnings per share being net profit attributable to owners of the Company	<u>(60)</u>	<u>(88)</u>	<u>(165)</u>

Number of Shares	(Unaudited)		(Audited)
	Six Months ended		Year ended
	30 June	30 June	31 December
	2014	2013	2013
	No.	No.	No.
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>49,819,050</u>	<u>49,819,050</u>	<u>49,819,050</u>

Loss per share – continuing operations: Company

Basic and diluted	<u>(0.12p)</u>	<u>(0.18p)</u>	<u>(0.33p)</u>
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7. Investment

Ordinary Shares

The investment at 30 June 2014 includes an investment in ordinary shares of £nil (30 June 2013: £nil, 31 December 2013: £nil) in UK Group of Hotels. The Company holds 16,550,000 ordinary shares of £1 par value in -UK Group of Hotels. These ordinary shares amount to 49.92% of the issued share capital of that company.

UK Group of Hotels is a UK Group and its principal activity is that of owning and operating a group of hotels. As detailed in the Director's report, and note 12, the UK Group of Hotels has gone in-to administration after the balance sheet date on 4 August 2014.

The Company has no current commitments to provide financial or other support to UK Groups of Hotels.

Convertible Preference Shares

The investment at 30 June 2014 also includes an investment in convertible preference shares of £nil (30 June 2013: £nil, 31 December 2013: £nil). The Company holds 11,770,000 preference shares of £1 each in the UK Group of Hotels.

The convertible preference shares in the UK Group of Hotels rank ahead of the ordinary share capital in a winding up of the UK Group of Hotels and can be converted into ordinary shares in the capital of the UK Group of Hotels at any time at the option of the holder of these preference shares upon 21 days notice.

These shares are convertible into 1 ordinary share and 19 preference shares for every 1 convertible preference share at the option of the holder. These preference shares do not

carry the right to vote except on a resolution modifying the rights attaching to the preference shares.

Bonds

The investment at 30 June 2014 also includes an investment in unsecured deep discount bonds issued by UK Hotels (Finance) plc (formerly Puma Hotels (Finance) plc), a subsidiary of the UK Group of Hotels, of £nil (30 June 2013: £nil, 31 December 2013 £nil). The Company holds 16,550,000 unsecured deep discounted bonds.

Investment – non current

Investment at fair value through profit and loss

Classified as:	(Unaudited)		(Audited)
	Six Months ended	30 June	Year ended
	30 June	30 June	31 December
	2014	2013	2013
	£'000	£'000	£'000
Investment at fair value through profit and loss	-	-	-
	-	-	-

Fair value measurements

The information set out below provides information about how the Company determines fair values of financial assets.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
1) Private equity investment in UK Group of Hotels	49.92 per cent equity investment in UK Group of Hotels, engaged in hotel owning and operating activities - £nil	Level 3	Director assessment based on net realisable assets	The Director's experience and knowledge of the UK Group of Hotels operations and prospects	The higher net assets and the more favourable the Directors assessment of UK Group of Hotel's prospects, the higher the fair value
2) Redeemable cumulative preference shares in UK Group of Hotels	11,770,000 preference shares in UK Group of Hotels, engaged in hotel owning and operating activities - £nil	Level 3	Director assessment based on net realisable assets	The Director's experience and knowledge of the UK Group of Hotels operations and prospects	The higher net assets and the more favourable the Directors assessment of UK Group of Hotel's prospects, the higher the fair value

3) Bonds in UK Group of Hotels	£nil	Level 3	Director assessment based on net realisable assets	The Director's experience and knowledge of the UK Group of Hotels operations and prospects	The higher net assets and the more favourable the Directors assessment of UK Group of Hotel's prospects, the higher the fair value
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There were no transfers between Levels 1, 2 or 3 during the current or prior period/year. There were no gains or losses recognised in the current period in respect of financial assets at fair value through profit or loss.

A sensitivity analysis to changes in assumptions has not been prepared due to the £nil fair value of the investments and because changes in the fair value of the investment will derive from changes in the net asset position of Puma, which as disclosed below is currently a net liability position of £166.1m as at 31 December 2012.

Fair value of investment

The Directors have reviewed the investment at 30 June 2014 and note that UK Group of Hotels was in a net liability position of £166.1m as at 31 December 2012 (30 June 2012: net liability position £161.6m) with a net current liability position of £327.7m (30 June 2012: net current liability position £321m). Furthermore, the Company has been informed by UK Group of Hotels that the interest on the preference shares and the bonds will not be paid in the foreseeable future. The audited financial statements for the 12 months to 31 December 2012 are the latest financial information that has been made available to the Company.

As disclosed in note 12, UK Group of Hotels announced on 4th August 2014 that it had appointed administrators to the Company. Subsequent correspondence has indicated there will be no return to shareholders or bondholders.

Both the actual value and fair value is considered to be £nil (30 June 2013 £nil, 31 December 2013 £nil).

8. Share Capital

The total number of Ordinary Shares of £0.05 in issue and fully paid at 30 June 2014 was 49,819,050. During the six month period there has been no further issue of shares.

9. Notes to the Statement of Cash Flows

Company	(Unaudited) Six Months ended		Audited Year ended
	30 June 2014 £'000	30 June 2013 £'000	31 December 2013 (£'000)
Loss from operations	(61)	(95)	(173)
Decrease/(increase) in receivables	(1)	12	3
(Decrease)/increase in trade and other payables	11	(4)	(3)
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities	<u>(51)</u>	<u>(87)</u>	<u>(173)</u>

10. Immediate and Ultimate Controlling Party

In the opinion of the Directors there is no immediate and ultimate controlling party.

11. Related Party Transactions

Key Management Compensation

The remuneration of the Directors of the Company, who are the key management personnel, is set out below:

	(Unaudited)		Audited
	Six Months ended		Year ended
	30 June	30 June	31 December
	2014	2013	2013
	£'000	£'000	£'000
Directors fees	<u>21</u>	<u>31</u>	<u>52</u>
Total	<u>21</u>	<u>31</u>	<u>52</u>

~~11. Related Party Transactions (continued)~~

David Craine is a Director of Peregrine Corporate Services Limited, ("PCS"), the Company which provides accountancy, administration and secretarial services to The Hotel Corporation plc. Fees, including VAT, of £13,806 (30 June 2013: £25,989, 31 December 2013 £42,855) were paid to PCS during the period.

Derek Short's Directors fees of £14,088 (30 June 2013: £12,375, 31 December 2013: £26,462) are paid to English and Continental Properties Limited.

David Craine's Directors fees of £6,900 (30 June 2013: £6,000, 31 December 2013: £12,900) are paid to Burleigh Offshore Services Limited.

12. Events after the Balance Sheet Date

The Company has been notified that at the General Meeting ("GM") of Puma Hotels plc ("Puma") on 10 July 2014, the resolution to change Puma's name to UK Group of Hotels plc ("UK Group of Hotels") was approved by shareholders. The Company owns 49.92% of UK Group of Hotels, which has recently rebranded itself as "The Hotel Collection" following the acquisition of its senior debt by LSREF III Wight Limited ("Lone Star") from Irish Bank Resolution Corporation Limited.

The Company announced that on 4 August 2014 Paul John Clark, Paul David Williams and David John Whitehouse, each of Duff & Phelps Ltd, were appointed as joint administrators of UK Group of Hotels plc (formerly Puma Hotels plc), in which the Company holds a 49.92% ~~percent~~ interest. The Company's investment in UK Group of Hotels plc is fully written down to £nil (30 June 2013: £nil, 31 December 2013: £nil).

On 11 September 2014 those same joint administrators were appointed to the 18 subsidiary companies within the UK Group of Hotels and all business and assets have been sold in pre-packed sales by the administrators to new entities which are ultimately controlled by Lone Star funds.