
***Lehman Brothers
(PTG) Limited –
In Administration***

Joint Administrators' progress
report for the period 6 November
2014 to 5 May 2015

3 June 2015

Contents

Section 1	<i>Purpose of the Joint Administrators' progress report</i>	3
Section 2	<i>Joint Administrators' actions to date</i>	4
Section 3	<i>Statutory and other Information</i>	5
Section 4	<i>Financial Information</i>	6
Section 5	<i>Receipts and Payments Account</i>	7
Section 6	<i>Joint Administrators' time costs for the period 1 October 2014 to 31 March 2015</i>	8-9

Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the 13th progress report prepared by the Joint Administrators (the "Administrators") of Lehman Brothers (PTG) Limited ("LB PTG" or the "Company").

This report provides an update on the work that the Administrators have undertaken and the progress made since their appointment, with particular focus on the progress made in the six months to 5 May 2015 (the "reporting period").

Objectives of the Administration

The Administrators are pursuing the objective of achieving a better result for LB PTG's creditors as a whole than would be likely if LB PTG were wound up (without first being in Administration).

The specific aims of this Administration were to:

- Realise all assets, including cash and interest in real estate on a managed basis;
- Mitigate as far as possible and agree in principle the claims of all creditors; and
- Continue to manage the investments in subsidiaries to maximise returns to creditors.

Outcome for creditors

On 24 June 2013, the Court gave the Administrators of LB PTG permission to agree and pay dividends in respect of the claims of its unsecured non-preferential creditors.

In the current period, the Administrators declared and paid a third interim dividend of 7.52 pence in the £ to the Company's unsecured non-preferential creditors on 11 March 2015. Dividends paid to date total 25.44 pence in the £.

Further distributions are anticipated in due course, however the timing and quantum are subject to the receipt of further dividends from its debtors.

Extension to the Administration

The Administration is currently due to expire on 30 November 2015. The Administrators' intend to make an application to court to request a further extension within the next six months in order that

they may continue to pursue the objectives of the Administration and realise the remaining assets.

Future reports

The Administrators will next report to creditors in approximately six months.

Signed:



DA Howell
Joint Administrator
Lehman Brothers (PTG) Limited

AV Lomas, SA Pearson, DA Howell, GE Bruce and JG Parr were appointed as Joint Administrators of Lehman Brothers (PTG) Limited to manage its affairs, business and property as agents without personal liability. AV Lomas, SA Pearson, DA Howell, GE Bruce and JG Parr are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the Administration.

Section 2 Joint Administrators' actions to date

Overview

LB PTG was initially funded by Lehman Brothers Holdings Inc ("LBHI") with the objective of investing in real estate companies within the Lehman Brothers group, principally Eldon Street Holdings Limited ("ESH") and Thayer Properties Limited, which owns the Burford group of companies.

On appointment, the three key categories of assets owned by the Company were: directly owned interests in commercial real estate; intercompany receivables (from LB PTG's immediate group as well as the wider Lehman Brothers group), and investments in subsidiary companies.

Administrators' actions to date

LB PTG's key assets are its investments in subsidiary companies ("**the PTG Group**"), interests in real estate and intercompany debtors (from the PTG Group and the wider Lehman Brothers group).

Debtor Realisations

Eldon Street Holdings Limited ("ESH")

As previously reported, LB PTG has an admitted claim against ESH in the sum of £210.6m.

On 11 March 2015, ESH declared and paid a third interim dividend of 6.94 pence in the £. The Company received £14.6m in respect of its claim.

To date, LB PTG has received dividends totalling £52.5m from ESH, equating to 24.92 pence in the £.

Mable Commercial Funding Limited

LB PTG has received two dividends totalling 8 pence in the £ in respect of its admitted claim of £3k. The quantum and timing of further dividends remains uncertain.

Subsidiary Investments

To date, LB PTG has received €3.6m from its investments in subsidiaries. A further c.€255k is expected from this source by the end of June 2015. Further distributions are likely in due course,

however the quantum and timing are uncertain at present.

Distributions to Creditors

As previously reported, on 24 October 2011 the Administrators entered into a settlement agreement ("**the Agreement**") with LBHI and certain other affiliates previously subject to Chapter 11 proceedings in the USA in conjunction with other UK affiliates. The Plans of Reorganisation became effective on 6 March 2012.

Pursuant to the Agreement, LB PTG agreed LBHI's and Lehman Commercial Paper Inc ("**LCPI**")'s claims in principle at \$269.51m and \$0.09m, respectively. These claims were subsequently admitted after the Administrators sought and obtained permission from the Court to agree claims and pay a dividend to the Company's unsecured non-preferential creditors.

In the reporting period, a third interim dividend of 7.52 pence in the £ was declared and paid on 11 March 2015. To date, dividends totalling £46.4m have been paid equating to 25.44 pence in the £.

Section 3 Statutory and other Information

<i>Court details for the Administration:</i>	High Court of Justice, Chancery Division, Companies Court - case 9851 of 2008
<i>Full name:</i>	Lehman Brothers (PTG) Limited
<i>Trading name:</i>	Lehman Brothers (PTG) Limited
<i>Registered number:</i>	04108157
<i>Registered address:</i>	Level 23, 25 Canada Square, London E14 5LQ, United Kingdom
<i>Company directors:</i>	Mr IM Jameson (resigned 17/07/09) , Mr AJ Rush (resigned 17/07/09), Mr D Gibb (resigned 17/07/09), Mr JC Blakemore (05/11/08)
<i>Company secretary:</i>	Ms M Smith (resigned 25/01/10), Ms P Dave (resigned 25/01/10), Ms ESE Upton (resigned 25/01/10)
<i>Shareholdings held by the directors and secretary:</i>	None of the directors own shares in the Company
<i>Date of the Administration appointment:</i>	6 November 2008
<i>Administrators' names and addresses:</i>	AV Lomas, SA Pearson, DA Howell, GE Bruce and JG Parr of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT.
<i>Appointer's name and address:</i>	The original appointment of Administrators was made by the directors of the Company, 25 Bank Street, London E14 5LE
<i>Objective being pursued by the Administrators:</i>	Achieving a better result for LB PTG's creditors as a whole than would be likely if LB PTG were wound up (without first being in Administration)
<i>Division of the Administrators' responsibilities:</i>	In relation to paragraph 100(2) Sch.B1 IA86, during the period for which the Administration is in force, any act required or authorised under any enactment to be done by either or all of the Joint Administrators, may be done by any or one or more of the Joint Administrators.
<i>Details of any extensions of the initial period of appointment:</i>	A fourth extension has been granted by the High Court of Justice until 30 November 2015.
<i>Proposed end of the Administration:</i>	The Administrators wish to retain various exit options available to them. However it is most likely that the Administrators will continue to distribute from the Administration and, once the final distribution has been made, apply for the dissolution of the Company.
<i>Estimated dividend for unsecured creditors:</i>	The Administrators declared a first interim dividend of 7.50 pence in the £ to unsecured non-preferential creditors on 29 October 2013. A second interim dividend of 10.42 pence in the £ was declared and paid on 5 September 2014. A third dividend of 7.52 pence in the £ was declared and paid on 11 March 2015. The Administrators anticipate that a further dividends will be paid, however the quantum and timing are uncertain.
<i>Estimated values of the prescribed part and LB PTG's net property:</i>	There is no prescribed part as there is no qualifying floating charge.
<i>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:</i>	Not applicable as there is no prescribed part.
<i>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):</i>	The European Regulation on Insolvency Proceedings applies to this Administration and these are the main proceedings.

Section 4 Financial Information

Administrators' remuneration

In January 2009, the Administrators requested and received consent from LB PTG's creditors for the Administrators' remuneration to be fixed by reference to the time properly given by them and the various grades of their staff. The Administrators were also authorised to draw their remuneration from time to time.

Attached at Section 6, is a summary of the Administrators' time costs for the period 1 October 2014 to 31 March 2015, presented in accordance with Statement of Insolvency Practice 9, together with a narrative of the work performed.

Time costs for this period total £71,419 plus VAT, which represents 213 hours at an average hourly rate of £335.

To date, remuneration of £1,476,027 plus VAT has been drawn in respect of time costs incurred to 31 March 2015.

Receipts and payments account

An account of the receipts and payments in the Administration showing movements for the six months to 5 May 2015 is set out overleaf.

Section 5 Receipts and Payments Account

	Notes	As at 5 May 2015 GBP (£)	Movement 5 November GBP (£)	As at 5 November 2014 GBP (£)	Movement 5 November EUR (€)	As at 5 May 2015 EUR (€)	As at 5 November 2014 EUR (€)
Receipts							
Distributions received		52,819,449	14,614,848	38,204,601	-	510,000	510,000
Asset realisations		-	-	-	-	3,605,748	3,605,748
Loan from group company		30	-	30	-	-	-
Sale of tax losses		51,284	-	51,284	-	-	-
VAT refunds repaid to Lehman Brothers Ltd	(1)	-	(51,288)	51,288	-	-	-
Corporation tax refund		13,718	13,718	-	-	-	-
Net tax function costs recharged		251,253	-	251,253	-	-	-
Assets held on trust		399	-	399	-	-	-
Interest received gross		40,851	9,660	31,191	-	-	-
Total Receipts		53,176,984	14,586,938	38,590,046	-	4,115,748	4,115,748
Payments							
Legal fees		108,413	-	108,413	-	-	-
Professional fees		21,846	-	21,846	-	-	-
Employee wages & associated costs		310,438	-	310,438	-	-	-
Joint Administrators' Remuneration		1,476,027	71,418	1,404,609	-	-	-
Joint Administrators' Category 1 disbursements		3,406	-	3,406	-	-	-
Payment for group relief		342,723	-	342,723	-	-	-
Statutory advertising		31,772	11,232	20,540	-	-	-
Insurance		87,150	-	87,150	-	-	-
Pension related legal costs	(2)	97,522	71,952	25,570	-	-	-
Payment on account to HMRC for potential corporation tax liability	(3)	300,000	300,000	-	-	-	-
IT costs		5,741	-	5,741	-	-	-
VAT irrecoverable		273,309	16,530	256,779	-	-	-
Total Payments		3,958,347	471,132	2,587,215	-	-	-
Intracompany Transfers		-	-	-	-	-	-
Receipt		3,412,525	371,320	3,041,205	-	(4,115,748)	(3,595,692)
Total Receipts less total payments		53,531,162	14,487,126	39,044,036	(520,056)	(520,056)	520,056
Distributions to unsecured creditors							
1st dividend of 7.50p in the £, declared in October 2013		(13,675,082)	-	(13,675,082)	-	-	-
2nd dividend of 10.42p in the £, declared in September 2014		(18,999,247)	-	(18,999,247)	-	-	-
3rd dividend of 7.52p in the £, declared in March 2015		(13,714,937)	(13,714,937)	-	-	-	-
Cash in hand / (movement in year)		7,142,796	773,089	6,369,707	(520,056)	520,056	520,056
Cash Balances							
HSBC (non interest bearing)		513,796	(855,911)	1,369,707	-	(520,056)	520,056
Money market		6,629,000	1,629,000	5,000,000	-	-	-
Total Cash		7,142,796	773,089	6,369,707	(520,056)	520,056	520,056

Notes

(1) Refunds of input VAT totalling £51,288, which had previously been off set against irrecoverable VAT, have been repaid to Lehman Brothers Ltd (the representative of the Lehman's VAT group). Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.

(2) £71,952 paid during the period for LB PTG's share of the pension related legal fees met by LB SF No. 1 in Liquidation on behalf of other entities.

(3) Payment on account to HM Revenue and Customs in respect of the potential corporation tax liability arising in the year from (i) subsidiary Grace Hotels final distribution and (ii) held over gain triggered on distributions from ESH.

Section 6 Joint Administrators' time costs for the period 1 October 2014 to 31 March 2015

Classification of work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total	
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)
Accounting and treasury	0.18	120	2,155	5,386	20.00	5,931	25.90	5,931	51.08	13,592
Strategy and planning	5.85	4,583	2,869	6,409	19.85	3,504	15.30	3,504	47.60	17,365
Statutory and compliance	2.30	1,946	2,955	7,547	21.30	7,960	35.05	7,960	65.30	20,408
Tax and VAT	4.40	4,412	4,838	7,657	21.20	2,173	12.68	2,173	45.73	19,080
LBIE recharges	0.23	151	356	163	0.61	304	1.36	304	3.40	974
Total	12.96	11,212	13,173	27,162	82.96	19,872	90.29	19,872	213.11	71,419
Average hourly rate		865	490	327	220	220				335

Current charge out rates	Business Recovery Services		Specialist	
	Max £/hr		Max £/hr	
	To 31 December 2014	From 1 January 2015	To 31 December 2014	From 1 January 2015
Grade	873	873	1,225	1,225
Partner	665	765	1,076	1,076
Director	512	512	905	905
Senior manager	431	431	660	660
Manager	360	360	490	490
Senior Associate	229	229	229	229
Associate/Support Staff				

The Administrators' remuneration has been fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration. The minimum unit for time charged by the Joint Administrators and their staff is 0.05 of an hour.

* Specialist departments within PricewaterhouseCoopers LLP, such as Tax, VAT and Pensions, do sometimes charge a small number of hours, should we require their expert advice. Their rates do vary, however, the figures shown given an indication of the maximum rate per hour. In common with all professional firms, the scale rates used by the Joint Administrators from PricewaterhouseCoopers LLP may periodically rise (for example to cover annual inflation cost increase) over the period of the Administration. Any material amendments to these rates will be advised to the creditors in the next statutory report.

Tax function costs

Certain group tax matters are managed through Lehman Brothers Limited ("LBL") as Group Paying Agent. When recoveries of Corporation Tax paid pre-appointment are paid to relevant estates, the associated PwC costs incurred by the relevant estates are re-apportioned by reference to quantum of refunds to each estate.

The final refund of pre-appointment Corporation Tax has now been received by LBL and redistributed to certain group companies, and the final re-apportionment of costs is now known. LB PTG has benefited from tax refunds and therefore has contributed to the costs. Time costs in relation to tax function costs of £240,651 previously reported in the Administration have been partially recovered from other estates in the sum of £225,724 as such, the costs attributable to LB PTG are £14,927. No cash movements are required however the adjustments to the report are set out below.

Classification of Work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Tax function costs previously reported in Administration	4,477	4,477	49,462	186,712	-	-	-	-	-	240,651
Tax function costs recovered	(4,199)	(4,199)	(46,395)	(175,130)	-	-	-	-	-	(225,724)
Total tax function costs attributable	5 hrs	278	3,067	11,582	726 hrs	11,582	841 hrs	14,927	841 hrs	14,927

Summary of the Joint Administrators' time costs for the period 1 October 2015 to 31 March 2015

Accounting and treasury - £13,592

- Reconciliation of bank accounts;
- Arranging receipts and payments of funds and coding of movements;
- Monitoring flow of funds into bank accounts.
- Managing funds in various institutions in order to mitigate risk;
- Dealing funds on the money markets and inputting deals; and
- Dealing with third dividend distribution to unsecured creditors.

Strategy and planning - £17,365

- Reviewing financial information;
- Discussions regarding strategy for the Administration;
- Updating strategy documents;
- Distribution strategy and planning;
- Payment of third dividend; and
- Regular meetings regarding the status of assets.

Statutory and compliance - £20,408

- Preparation of Administrators' 12th progress report;
- Circulating progress report to creditors;
- Statutory filings at Companies House and Court;
- Preparing receipts and payments account;
- Preparing detailed remuneration summary;
- Undertaking six monthly review of Administration;
- Review of time costs in preparation for billing; and
- Maintaining case records, website and database.

Tax and VAT - £19,080

- VAT reconciliation and preparation of VAT returns;
- Dealing with Corporation Tax and VAT queries;
- Preparation of Corporation Tax returns; and
- Tax compliance.

LBIE Recharges – £974

- This is an apportionment of the costs incurred by Lehman Brothers International (Europe) associated with the administration companies.