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

Joint Administrators' progress
report for the period 6 November
2012 to 5 May 2013

5 June 2013

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the ninth 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 our appointment, with particular focus on the progress made in the six months to 5 May 2013.

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 are 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

As previously reported, the Administrators expect that a distribution will be made to unsecured creditors in due course, however the quantum and timing of this distribution remain uncertain, principally due to uncertainty around a potential pension liability.

The Pensions Regulator ("the Regulator") listed LB PTG as one of the Lehman companies from which it was seeking a Financial Support Direction ("FSD") in relation to the Lehman Brothers Pension Scheme.

In September 2010 the Pensions Regulator's Determinations Panel (the "Panel") decided that a FSD should be issued against six Lehman group entities. LB PTG was among 38 companies that the Panel decided should not be issued with a FSD.

The Scheme Trustees have requested that the Upper Tribunal overturns the Panel's decision and rule that the 38 companies (including LB PTG)

should also be subject to a FSD. LB PTG is still, therefore, at risk from this potential liability, but (together with 36 other affected entities) maintains that the FSD should be struck out on the grounds that it is now no longer possible for the Regulator to impose a FSD against the Company. Following a judgment on 14 June 2012, the Upper Tribunal declined the strike out, meaning that LB PTG is still at risk of a FSD. An appeal has been made to the Court of Appeal and the hearing was held on 30th April, 1st and 2nd May 2013. Judgement has been reserved and will be handed down in due course.

The Administrators continue to monitor the pensions issues closely and are seeking an interim resolution that may enable an early distribution to creditors. When a resolution is found, the Administrators intend to apply to Court for permission to distribute to creditors. It is anticipated this will happen during the next few months. The Administrators also intend to apply for an extension to the Administration to allow it to run beyond 30 November 2013, the current end date.

Change of Administrators

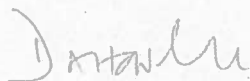
Upon an application to the High Court of Justice ("the Court"), an order was made on 22 March 2013 that GE Bruce and JG Parr be appointed Joint Administrators and that DY Schwarzmann and MJA Jervis cease to be Joint Administrators of the Company.

The Court also ordered that former Joint Administrators shall be released from all liability pursuant to the relevant sections in the Insolvency Act 1986 in respect of their acts and omissions and otherwise in respect of their conduct as administrators of the Company and that such release will take effect 56 days after the date of this progress report. The Court gave permission for each creditor and member of the Company to apply to vary or discharge its Order by an application issued within 28 days of receipt of this progress report.

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 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 the LB PTG group as well as the wider Lehman Brothers group), and; investments in subsidiary companies.

Administrators' actions to date

The three subsidiaries in which LB PTG holds shares are in formal insolvency procedures and, accordingly, no realisations are expected from these shareholdings.

Claims have been submitted in debtor estates; however, these estates are not currently in the position to formally admit claims and therefore the level of recoveries from these sources is still uncertain. The Administrators continue to work with debtors to ensure that claims are fully evidenced.

As previously reported, on 24 October 2011 the Administrators entered into a settlement agreement with Lehman Brothers Holdings Inc ("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 this agreement LB PTG has agreed in principle claims from LBHI and Lehman Commercial Paper Inc ("LCPI") at \$269,512,581 and \$9,547 respectively.

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. MJA Jervis and DY Schwarzmann ceased to be Administrators on 22 March 2013.
<i>Appointer's name and address:</i>	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>	The current Joint Administrators of LB PTG are AV Lomas, SA Pearson, DA Howell, GE Bruce and JG Parr of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT. 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 third extension has been granted by the High Court of Justice until 30 November 2013.
<i>Proposed end of the Administration:</i>	The Administrators wish to retain various exit options available to them however the most likely exit route from the Administration is to seek permission to distribute from the Administration and proceed to dissolve the Company.
<i>Estimated dividend for unsecured creditors:</i>	It is too early to estimate the likely dividend for unsecured creditors.
<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

At the meeting of creditors which was held by correspondence on 13 January 2009, creditors resolved that the Administrators' remuneration 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.

In Section 6 we include an analysis of our time costs incurred for the period from 1 October 2012 to 30 April 2013 presented in accordance with Statement of Insolvency Practice 9, together with a narrative of the work performed.

Time costs for the period of 1 October 2012 to 30 April 2013 are £35,203, which represents 71.27 hours at an average hourly rate of £493.94.

Time cost information for the period 6 November 2008 to 30 September 2012 has been provided previously.

To date, remuneration of £1,166,447 plus VAT has been drawn in respect of time costs incurred from 6 November 2008 to 28 February 2013.

Receipts and payments account

An account of the receipts and payments in the Administration showing movements for the six months to 5 May 2013 is set out overleaf.

The IT costs incurred during the period are LB PTG's contribution to the production and running of the Entity Prioritisation Model ("EPM") whose cost was incurred by Lehman Brothers International (Europe). The EPM has been used for considering options in respect of the pensions issue.

Section 5 Receipts and Payments Account

	5 May 2013		5 November 2012		Movements	
	GBP (£)	EUR (€)	GBP (£)	EUR (€)	GBP (£)	EUR (€)
Receipts						
Assets held on trust	399	-	399	-	-	-
Asset realisations	-	3,095,748	-	3,095,748	-	-
Loan from group company	30	-	30	-	-	-
Net tax function costs recharged	250,086	-	250,086	-	-	-
Total Receipts	250,515	3,095,748	250,515	3,095,748	-	-
Payments						
Legal fees	87,724	-	85,213	-	2,511	-
Professional fees	21,846	-	21,846	-	-	-
Employee wages & associated costs	311,959	-	311,959	-	-	-
Joint Administrators' Remuneration	1,166,447	-	1,146,165	-	20,282	-
Joint Administrators Category 1 disbursements	3,406	-	3,406	-	-	-
Payment for group relief	326,425	-	326,425	-	-	-
Statutory advertising	1,413	-	1,413	-	-	-
Insurance	87,150	-	87,150	-	-	-
IT costs	5,741	-	-	-	5,741	-
Net VAT paid	155,634	-	151,578	-	4,056	-
Total Payments	2,167,745	-	2,135,155	-	32,590	-
Intracompany Transfers						
Receipt	2,601,687	-	2,198,587	-	403,100	-
Payment	-	(3,085,692)	-	(2,585,692)	-	(500,000)
Net Position	684,457	10,056	313,947	510,056	370,510	(500,000)
Cash Balances						
HSBC (non interest bearing)	684,457	10,056	313,947	510,056	370,510	(500,000)
Total Cash	684,457	10,056	313,947	510,056	370,510	(500,000)

Note: The total GBP equivalent cash in hand at the exchange rate on 5 May 2013 is £692,927.

Section 6 Joint Administrators' time costs for the period 1 October 2012 to 30 April 2013

Classification of work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total hours	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and Treasury	-	-	0.90	373	2.25	569	6.80	1,496	9.95	2,438
Asset Realisations	6.50	4,651	0.50	207	6.50	1,645	-	-	13.50	6,503
Statutory and Reporting	3.00	2,514	1.50	621	6.20	1,569	0.50	110	11.20	4,814
Strategy and Planning	5.70	4,379	4.20	1,739	0.50	154	-	-	10.40	6,272
Tax and VAT	4.40	4,177	17.15	9,695	1.85	573	1.20	181	24.60	14,626
LBL Recharges	0.03	16	0.73	332	0.35	94	0.51	108	1.62	550
Grand Total	19.63	15,737	24.98	12,967	17.65	4,604	9.01	1,895	71.27	35,203

Current charge out rates

Grade	Business Recovery Services		Specialist	
	Max £/hr	Max £/hr	Max £/hr	Max £/hr
Partner	838	1,027	932	932
Director	639	869	634	634
Senior manager	492	389	389	389
Manager	414	204	204	204
Senior Associate	346			
Associate/Support Staff	220			

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 maximum 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 give 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.

Summary of the Joint Administrators' time costs for the period 1 October 2012 to 30 April 2013

Accounting and treasury - £2,438

- Reconciliation of bank accounts;
- Arranging receipts and payments of funds and coding of movements; and
- Monitoring flow of funds into bank accounts.

Asset realisations - £6,503

- Communications with debtors; and
- Providing evidence for intercompany debts.

Statutory and reporting - £4,814

- Managing LB PTG Administration website;
- Preparation of Administrators' eighth progress report;
- Circulate progress report to creditors;
- Statutory filings at Companies House and Court;
- Prepare receipts and payments account;
- Prepare detailed remuneration summary;
- Undertaking six monthly review of Administration;
- Review of time costs in preparation for billing; and
- Maintaining case records and database.

Strategy and planning - £6,272

- Reviewed financial information;
- Preparations for and attending the Court of Appeal pensions hearing;
- Participating in discussions to try and resolve the pension issue;
- Discussions regarding strategy for the administration; and
- Regular meetings regarding the status of assets.

Tax and VAT- £14,626

- Tax planning for group companies;
- Correspondence with HMRC;
- Preparing and implementing tax protocol regarding the sale and purchase of tax losses; and
- Preparation and submission of quarterly VAT returns.

LBL recharges – £550

- This is an apportionment of the costs incurred by Lehman Brothers Limited associated with the administration companies.