



**To all known creditors**

1 June 2012

Our Reference: DAH/AGW/AD/ P11-4

Dear Sirs

**Lehman Brothers (PTG) Limited – in Administration (the “Company”)**

Pursuant to Rule 2.47 of the Insolvency Rules 1986, I attach a copy of the Joint Administrators' seventh report on the progress of the Administration for the six months ended 5 May 2012, together with a copy of Form 2.24B.

Yours faithfully  
For and on behalf of the Company

A handwritten signature in black ink, appearing to read 'DA Howell', is written over a horizontal line.

DA Howell  
Joint Administrator

*AV Lomas, SA Pearson, DY Schwarzmann, MJA Jervis and DA Howell 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, DY Schwarzmann, MJA Jervis and DA Howell are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.*

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The Insolvency Act 1986

**Administrator's progress report**

Name of Company Lehman Brothers (PTG) Limited	Company number 04108157
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In the High Court of Justice, Chancery Division [full name of court]	Court case number 9851 of 2008
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(a) Insert full name(s) and address(es) of administrator(s)

We (a) Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram Schwarzmann, Michael John Andrew Jervis and Derek Anthony Howell of

PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates

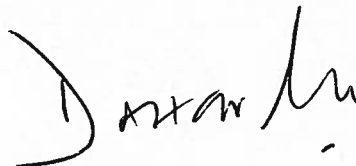
from

to

(b) 6 November 2011

(b) 5 May 2012

Signed



Joint Administrator

Dated

1 June 2012

**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

PricewaterhouseCoopers LLP	
7 More London Riverside, London, SE1 2RT	
	Tel 0207 583 5000
DX Number	DX Exchange

Companies House receipt date barcode

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

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

Joint Administrators' progress  
report for the period 6 November  
2011 to 5 May 2012

1 June 2012

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# Section 1 Purpose of the Joint Administrators' progress report

## Introduction

This is the seventh 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 2012.

## 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

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

As previously advised, 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 an FSD should be issued against six Lehman group entities. LB PTG was among 38 companies that the Panel decided should not be issued with an FSD.

The Panel's decision has been referred to the Upper Tribunal, with the Scheme Trustees asking the Upper Tribunal to overturn the Panel's decision and rule that the 38 companies (including LB PTG)

should also be subject to an FSD. This means that LB PTG is still at risk from this potential liability.

LB PTG (together with 36 other affected entities) applied to the Upper Tribunal, seeking an order that the Trustees' referral to the Upper Tribunal should be struck out on the grounds that it is now no longer possible for the Regulator to impose an FSD against LB PTG. The Trustees and the Pensions Regulator opposed the strike-out application, and the hearing took place from 12 to 15 March 2012. Judgment was reserved and has not yet been handed down.

The Administrators of LB PTG and those of the other target companies are exploring ways in which resolution of this pension issue could be expedited. If this can be achieved the Administrators will take steps to prepare for a distribution to creditors at the earliest practical opportunity.

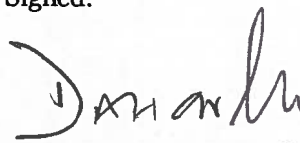
## Extension of the administration

On the application of the Administrators, the High Court made an Order to further extend the period of the Administration to 30 November 2013.

## Future reports

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

Signed:



DA Howell  
Joint Administrator  
Lehman Brothers (PTG) Limited

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## ***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.

The level of recoveries from intercompany debts remains uncertain. Claims have been submitted in debtor estates, however, no claims have yet been formally admitted. The Administrators continue to work with debtors to ensure that claims are fully evidenced.

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.

The Swedish Krona ("SEK's") held on trust have been passed to Eldon Street Holdings Limited.

## 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, MJA Jervis, DY Schwarzmann and DA Howell, of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
<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 DA Howell, AV Lomas, MJA Jervis, SA Pearson and DY Schwarzmann 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 persons for the time being holding that office.
<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 are not yet in a position to determine the most likely exit route from the Administration and wish to retain the options available to them.
<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.

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## ***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 November 2011 to 30 April 2012 presented in accordance with Statement of Insolvency Practice 9, together with a narrative of the work performed.

Time costs for the period of 1 November 2011 to 30 April 2012 are £52,678, which represents 119.55 hours at an average hourly rate of £440.64.

Time cost information for the period 6 November 2008 to 31 October 2011 has been provided previously.

To date, remuneration of £1,099,066 plus VAT has been drawn in respect of time costs incurred from 6 November 2008 to 31 December 2011.

### ***Rate increase***

An inflationary increase to charge out rates has been applied with effect from 1 January 2012. Details of increased rates are set out in Section 6.

### ***Receipts and payments account***

An account of the receipts and payments in the Administration to 5 May 2012 is set out overleaf.



## Section 5 Receipts and Payments Account

	5 May 2012		5 November 2011		Movements	
	GBP (£)	EUR (€)	GBP (£)	EUR (€)	GBP (£)	EUR (€)
<b>Receipts</b>						
Assets held on trust	399	-	399	-	-	-
Sale of assets	-	2,585,748	-	2,585,748	-	-
Loan from group company	30	-	30	-	-	-
Net tax function costs recharged	250,086	-	250,086	-	-	-
<b>Total Receipts</b>	<b>250,515</b>	<b>2,585,748</b>	<b>250,515</b>	<b>2,585,748</b>	<b>-</b>	<b>(1,900,100)</b>
<b>Payments</b>						
Legal fees	64,053	-	58,460	-	5,593	-
Professional fees	21,846	-	21,846	-	-	-
Employee wages & associated costs	311,959	-	312,154	-	(195)	-
Joint Administrators' Remuneration	1,099,066	-	1,034,221	-	64,845	-
Joint Administrators Category 1 disbursements	3,406	-	-	-	3,406	-
Bank charges	-	-	-	55	-	(55)
Statutory advertising	1,413	-	1,413	-	-	-
Insurance	87,150	-	87,150	-	-	-
Net VAT paid	142,158	-	129,822	-	12,336	-
<b>Total Payments</b>	<b>1,731,051</b>	<b>-</b>	<b>1,645,066</b>	<b>55</b>	<b>85,985</b>	<b>(1,223)</b>
<b>Intracompany Transfers</b>						
Receipt	2,198,587	-	2,198,587	-	-	-
Payment	(2,585,692)	-	(2,585,692)	-	-	-
<b>Net Position</b>	<b>718,051</b>	<b>56</b>	<b>804,036</b>	<b>1</b>	<b>(85,985)</b>	<b>55</b>
<b>Cash Balances</b>						
HSBC (non interest bearing)	718,051	56	804,036	1	(85,985)	55
<b>Total Cash</b>	<b>718,051</b>	<b>56</b>	<b>804,036</b>	<b>1</b>	<b>(85,985)</b>	<b>55</b>

# Section 6 Joint Administrators' time costs for the period 1 November 2011 to 30 April 2012

Classification of work	Partner / Director		Senior Manager / Manager		Senior Associate		Associate / Support staff		Total		Average Hourly Rate
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	
Accounting and treasury	-	-	1.40	576	4.00	1,232	1.90	407	7.30	2,215	303.42
Asset realisations	-	-	1.80	862	14.20	4,876	-	-	16.00	5,738	358.63
Statutory and reporting	-	-	4.90	2,015	9.60	2,964	0.70	151	15.20	5,130	337.50
Strategy and planning	7.00	5,752	9.50	3,947	5.00	1,631	1.20	264	22.70	11,594	510.75
Tax and VAT	11.80	11,146	16.90	9,804	20.60	4,893	5.10	989	54.40	26,832	493.24
LBL Recharges	0.06	37	1.33	535	1.60	421	0.96	176	3.95	1,169	295.95
<b>Total</b>	<b>18.86</b>	<b>16,935</b>	<b>35.83</b>	<b>17,739</b>	<b>55.00</b>	<b>16,017</b>	<b>9.86</b>	<b>1,987</b>	<b>119.55</b>	<b>52,678</b>	<b>440.64</b>

The Joint Administrators' policy for charging for disbursements is:

Photocopying is charged at 3p per sheet for creditors and bulk copying

Mileage is charged at a maximum of 62p per mile (up to 2000cc) or 81p per mile (over 2000cc)

All other disbursements are charged at cost

Costs to date (£)
-
-
-

Current charge out rates	BRS		Specialist*	
	Recovery Services	Recovery Services	Specialist*	Specialist*
Grade	To 31 Dec 11	From 1 Jan 12	To 31 Dec 11	From 1 Jan 12
Partner	800	838	980	1,027
Director	610	639	890	932
Senior manager	470	492	830	869
Manager	395	414	605	634
Senior Associate	330	346	330	389
Associate / Support Staff	210	220	195	204

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 remuneration is to be paid as and when funds become available at the charge-out rates shown for the various grades of staff who may be involved in this administration

\*Specialist departments within PricewaterhouseCoopers LLP, such as Tax, VAT and Pensions, do sometimes charge a 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 inflationary cost increases) over the period of the Administration. Any material amendments to these rates will be advised to the creditors in the next statutory report.

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## ***Summary of the Joint Administrators' time costs for the period 1 November 2011 to 30 April 2012***

### **Accounting and treasury - £2,215**

- Preparation of receipts and payments vouchers;
- Reconciliation of bank accounts; and
- Monitoring flow of funds into the bank accounts.

### **Asset Realisations - £5,738**

- Review of intercompany debts receivable; and
- Lodge claims and provide evidence for intercompany debts.

### **Statutory and reporting - £5,130**

- Preparing and circulating the sixth Administrators' progress report;
- Review time cost data for accuracy and completeness;
- Prepared detailed fee summaries;
- Performed fee analysis for Administrators' update;
- Undertaking six monthly case review; and
- Maintaining case records and database.

### **Strategy and planning - £11,594**

- Review of Plans of reorganisation, and agreeing in principle the claims of LBHI and LCPI;
- Reviewed financial information;
- Regular review of activity on the estate by PwC staff and retained Lehman staff;
- Worked on options surrounding interests in subsidiaries;
- Discussions with advisors regarding pension claims;
- Regular meetings regarding the status of assets; and
- Review of strategy, to ensure strategy is continually in line with proposals.

### **Tax and VAT- £26,832**

- Tax planning for group companies;
- Preparing and implementing tax protocol regarding the sale of tax losses;
- Reviewing historic tax computations to locate losses that could be utilised by group companies; and
- Preparation and submission of quarterly VAT returns.

### **LBL recharges – £1,169**

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