

Lehman Brothers (PTG) Limited – In Administration

Joint Administrators' progress report for the period 6
November 2009 to 5 May 2010

1 June 2010

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Section 1: Purpose of the Joint Administrators' progress report

Introduction

This is the third progress report by the Joint Administrators (the "Administrators") of Lehman Brothers (PTG) Limited ("LB PTG" or the "Company"), pursuant to Rule 2.47(3)(a) of the Insolvency Rules 1986.

This report provides an update on the work 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 2010.

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 all cash and interest in real estate on a managed basis;
- Mitigate as far as is possible and agree in principle the claims of all creditors; and
- To continue to manage the investments in subsidiaries with the aim of maximising returns to LB PTG.

Outcome for creditors

LB PTG's most significant realisation is likely to be the sums due to it in respect of loans to subsidiaries. The subsidiaries invested in commercial property, and, due to uncertainties in that market, the potential realisations remain uncertain. Therefore, the eventual outcome for creditors of LB PTG cannot be determined at this stage, although the Administrators anticipate a dividend will be paid.

Extension of the Administration

On the application of the Administrators, the High Court made an Order extending the period of the Administration to 30 November 2010.

Appointment of additional Administrators

Steven Anthony Pearson and Michael John Andrew Jervis were appointed as additional Administrators on 30 November 2009.

SA Pearson and MJA Jervis are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

AV Lomas, DY Schwarzmann and DA Howell continue to act as Joint Administrators. Formal notification of the additional appointment was sent to creditors on 7 December 2009.

Change of registered office

The Company has relocated from 25 Bank Street and all future correspondence should be addressed to Level 23, 25 Canada Square, London, E14 5LQ.

Future reports

The Administrators will next report to creditors in approximately six months time or when the Administration comes to an end, whichever is sooner.

Signed:



DA Howell
Joint Administrator
Lehman Brothers (PTG) Limited

Section 2: Joint Administrators' action to date

Overview

LB PTG was initially funded by 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.

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 and the wider Lehman Brothers group), and; its investments in subsidiary companies.

Administrators' actions to date

Most of the Company's direct interest in real estate has been realised and it is expected that any future realisations will be minimal.

The amount due from the intercompany receivables remains uncertain at this time. We have submitted claims in a number of debtor estates, though no claims have been formally admitted yet. We are working with debtors to ensure that claims are fully evidenced, thereby ensuring that realisations to LB PTG are maximised.

LB PTG's third asset class was its investment by way of shareholdings in subsidiaries. As all of these subsidiaries are now in formal insolvency procedures, no value is expected from these shareholdings.

The Administrators have prepared tax and financial accounts for submission to the relevant authorities on the Lehman Group of companies. It is envisaged that PTG will benefit from realisations from Lehman Group tax refunds.

Dividend prospects

The Administrators anticipate a dividend will be paid but are not yet able to estimate the

value or timing of any dividend for LB PTG's creditors.

Section 3: Statutory and other information

Court details for the Administration:	High Court of Justice, Chancery Division, Companies Court – Court case 9851 of 2008
Full name:	Lehman Brothers (PTG) Limited
Trading name:	Lehman Brothers (PTG) Limited
Registered number:	04108157
Registered address:	25 Canada Square, 23 rd floor, London E14 5LQ
Company directors:	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)
Company secretary:	Ms M Smith (resigned 25/01/10), Ms P Dave (resigned 25/01/10), Ms ESE Upton (resigned 25/01/10)
Shareholdings held by the directors and secretary:	None of the directors own shares in the Company
Date of the Administration appointment:	6 November 2008
Administrators' names and addresses:	AV Lomas, SA Pearson, MJA Jervis, DY Schwarzmann and DA Howell, of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT
Appointer's name and address:	The directors of the Company, 25 Bank St, London E14 5LE
Objective being pursued by the Administrators:	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)
Division of the Administrators' responsibilities:	Statement of Power for the purposes of paragraph 100(2) Schedule B1 to the Insolvency Act 1986. The Directors of Lehman Brothers (PTG) Limited (the "Company") have appointed AV Lomas, DA Howell and DY Schwarzmann of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT as joint administrators of the Company. The joint administrators will act jointly and severally so that all functions may be exercised by any or all of them. Further to the appointment of MJA Jervis and SA Pearson as additional Administrators, any act required of authorised under any enactment to be done by any or all of the joint administrators may be done by one or more of the persons for that time being holding office.
Details of any extensions of the initial period of appointment:	The Court has granted an extension of the Administration to 30 November 2010.
Proposed end of the Administration:	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.
Estimated dividend for unsecured creditors:	It is too early to estimate the likely dividend for unsecured creditors.
Estimated values of the prescribed part and LB PTG's net property:	Not applicable as there is no prescribed part.
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	Not applicable as there is no prescribed part.
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings does apply 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.

The Administrators previously provided an analysis in respect of time costs incurred in the period 6 May 2009 to 31 October 2009.

To date, remuneration of £419,140 plus VAT has been drawn. The Administrators have not drawn any remuneration during the period covered by this report.

Receipts and payments account

An account of the receipts and payments in the Administration to 5 May 2010 is set out overleaf.

Section 5: Receipts and payments account for the period ended 5 May 2010

	As at 5 May 2010 GBP (£)	SEK	As at 5 May 10 Total (GBP Equivalent) £	Movements (GBP Equivalent) £	As at 5 Nov 09 Total (GBP Equivalent) £ (restated) *	As at 5 Nov 09 Total (GBP Equivalent) £
RECEIPT						
Assets held on trust	-	1,900,100	168,454	-	168,454	163,944
Sale of assets	516,618	-	516,618	-	516,618	538,068
Loan from group company	30	-	30	-	30	30
Receipts Grand Totals	516,648	1,900,100	685,102	-	685,102	702,042
PAYMENT						
Legal fees	18,979	-	18,979	-	18,979	18,979
Legal disbursements	-	-	-	-	-	-
Professional fees	4,823	-	4,823	-	4,823	4,823
Joint Administrators' remuneration	419,140	-	419,140	-	419,140	419,140
Joint Administrators' category 1 disbursements	-	-	-	-	-	-
Bank charges	32	933	115	50	65	65
Statutory advertising	1,413	-	1,413	-	1,413	1,413
Tax paid on interest	-	-	-	-	-	-
VAT paid	66,593	-	66,593	-	66,593	66,593
Payments Grand Totals	510,980	933	511,063	50	511,013	511,013
NET POSITION	5,668	1,899,167	174,039	(50)	174,089	191,029
CASH BALANCES						
HSBC	5,614	1,899,167	174,039			
Total Cash	5,614	1,899,167	174,039			
FX		05/05/2010				
SEK		0.0887				

Notes – Cash not required for day to day expenses of the Administration is invested on money markets

* Figures as at 5 Nov 2009 as restated at 5 May 2010 exchange rate value