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

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

1 December 2010

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# ***Section 1 Purpose of the Joint Administrators' progress report***

## ***Introduction***

This is the fourth 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 the Administrators have undertaken and the progress made since our appointment, with particular focus on the progress made in the six months to 5 November 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 that a dividend will be paid.

The Pensions 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.

The Determinations Panel of the Pensions Regulator issued a Determination Notice on 13 September 2010 which stated that an FSD should

not be issued against LB PTG. However, as the FSD legal process has not yet been completed, the Administrators are not certain at this stage whether LB PTG will have liability under an FSD.

## ***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 2011.

## ***Future reports***

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

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 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***

In this period a further €1.1m has been realised in respect of the Company's direct interest in real estate. It is expected that any future realisations will be minimal.

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

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

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. Approximately £250k has been realised after the reporting period in respect of recharges associated with the tax function.

## 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, Plumtree Court, London EC4A 4HT
<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>	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.
<i>Details of any extensions of the initial period of appointment:</i>	The Court has granted an extension of the Administration to 30 November 2011.
<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>	Not applicable as there is no prescribed part
<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.

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 November 2010 is set out overleaf.

## Section 5 Receipts and Payments Account

	As at 5 November 2010			As at 5 May 2010			Movements		
	GBP (£)	EUR (€)	SEK	GBP (£)	EUR (€)	SEK	GBP (£)	EUR (€)	SEK
<b>Receipts</b>									
Assets held on trust	-	-	1,900,100	-	-	1,900,100	-	-	-
Sale of assets	-	1,667,748	-	-	600,000	-	-	1,067,748	-
Loan from group company	30	-	-	30	-	-	-	-	-
VAT receipts	42,014	-	-	-	-	-	42,014	-	-
<b>Total Receipts</b>	<b>42,044</b>	<b>1,667,748</b>	<b>1,900,100</b>	<b>30</b>	<b>600,000</b>	<b>1,900,100</b>	<b>-</b>	<b>1,067,748</b>	<b>-</b>
<b>Payments</b>									
Legal fees	47,893	-	-	18,979	-	-	28,914	-	-
Professional fees	21,846	-	-	4,823	-	-	17,023	-	-
Employee wages & associated costs	311,680	-	-	-	-	-	311,680	-	-
Joint Administrators' remuneration	419,140	-	-	419,140	-	-	-	-	-
Bank charges	-	59	1,278	-	37	933	-	22	345
Statutory advertising	1,413	-	-	1,413	-	-	-	-	-
Insurance	87,150	-	-	-	-	-	87,150	-	-
Tax paid on interest	-	-	-	-	-	-	-	-	-
VAT paid	73,991	-	-	66,593	-	-	7,398	-	-
<b>Total Payments</b>	<b>963,113</b>	<b>59</b>	<b>1,278</b>	<b>510,948</b>	<b>37</b>	<b>933</b>	<b>452,165</b>	<b>22</b>	<b>345</b>
<b>Intracompany Transfers</b>									
Receipt	1,148,804	-	-	516,532	-	-	632,272	-	-
Payment	-	(1,364,900)	-	-	(599,900)	-	-	(765,000)	-
<b>Net Position</b>	<b>227,735</b>	<b>302,789</b>	<b>1,898,822</b>	<b>5,614</b>	<b>63</b>	<b>1,899,167</b>	<b>180,107</b>	<b>302,726</b>	<b>(345)</b>
<b>Cash Balances</b>									
HSBC	227,735	302,789	1,898,822	5,614	63	1,899,167	222,121	302,726	(345)
<b>Total Cash</b>	<b>227,735</b>	<b>302,789</b>	<b>1,898,822</b>	<b>5,614</b>	<b>63</b>	<b>1,899,167</b>	<b>222,121</b>	<b>302,726</b>	<b>(345)</b>

**Note:** The total cash in hand at the exchange rates on 5 November 2010 is equivalent to £669,169.

