

The Insolvency Act 1986

# Administrators' progress report

Name of Company Lehman Brothers (PTG) Limited	Company number 04108157
In the High Court of Justice, Chancery Division [full name of court]	Court case number 9851 of 2008

(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

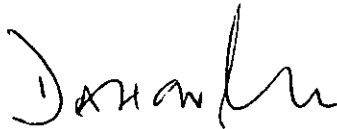
PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT

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

(b) Insert dates

from	to
(b) 6 March 2011	(b) 5 November 2011

Signed



Joint Administrator

Dated

1 December 2011

### 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

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 May 2011 to  
5 November 2011

1 December 2011

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

## **Introduction**

This is the sixth 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 November 2011

## **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
- To continue to manage the investments in subsidiaries to maximise returns to creditors

## **Outcome for creditors**

LB PTG's most significant realisations are likely to be recoveries from loans to its subsidiaries. The subsidiaries invested in commercial property and due to uncertainties in that market, the level of realisations remains uncertain. Therefore, the outcome for creditors of LB PTG cannot be determined at this stage, although the Administrators currently anticipate that a dividend should be paid in the future.

As previously advised, 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.

As the FSD legal process has not yet been completed, the Administrators are not certain at this stage that LB PTG will not have a liability under an FSD.

Given the ongoing uncertainty regarding the FSD process, the timing of any initial dividend to creditors remains uncertain.

## **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

*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*

## ***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***

A further €918,000 has been realised in the period in respect of a distribution from an Italian property venture.

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 receivables 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

The Administrators are continuing to monitor LB PTG's investments in its subsidiaries. Owing to the formal insolvency of these subsidiaries, the timing and quantum of any realisations from them remains uncertain

On 11 October 2011, the Administrators entered into a settlement agreement with LBHI, which will become effective when LBHI's Plan of Reorganisation is approved by the court and itself becomes effective. Pursuant to this agreement, LB PTG has agreed LBHI's creditor claim of c £169m. Furthermore, Lehman Commercial Paper Inc's creditor position with LB PTG has been agreed at c £6k

The Administrators have prepared tax and financial accounts for submission to the relevant authorities on the Lehman Group of companies. LB PTG has realised £250k in respect of a recharge of tax function costs. The tax function costs are a reallocation of costs incurred by a centralised tax team

## 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>	The first and second extensions were granted by the High Court of Justice until 30 November 2010 and 30 November 2011 respectively. A third extension has now 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 March 2011 to 31 October 2011. Time cost information for the period 6 November 2008 to 28 February 2011 has been provided previously.

To date, remuneration of £1,034,221 plus VAT has been drawn.

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

An account of the receipts and payments in the Administration to 5 November 2011 is set out overleaf.

## Section 5 Receipts and Payments Account

	5 November 2011			5 May 2011			Movements		
	GBP (£)	EUR (€)	SEK	GBP (£)	EUR (€)	SEK	GBP (£)	EUR (€)	SEK
<b>Receipts</b>									
Assets held on trust	399	-	1,900,100	399	-	1,900,100	-	-	-
Sale of assets	-	2,585,748	-	-	1,667,748	-	-	918,000	-
Loan from group company	30	-	-	30	-	-	-	-	-
Net tax function costs recharged	250,086	-	-	250,086	-	-	-	-	-
VAT receipts	45,718	-	-	42,014	-	-	3,704	-	-
<b>Total Receipts</b>	<b>296,233</b>	<b>2,585,748</b>	<b>1,900,100</b>	<b>292,529</b>	<b>1,667,748</b>	<b>1,900,100</b>	<b>3,704</b>	<b>918,000</b>	<b>-</b>
<b>Payments</b>									
Legal fees	58,460	-	-	48,280	-	-	10,180	-	-
Professional fees	21,846	-	-	21,846	-	-	-	-	-
Employee wages & associated costs	312,154	-	-	312,154	-	-	-	-	-
Joint Administrators' Remuneration	1,034,221	-	-	729,486	-	-	304,735	-	-
Bank charges	-	55	1,223	-	55	1,223	-	-	-
Statutory advertising	1,413	-	-	1,413	-	-	-	-	-
Insurance	87,150	-	-	87,150	-	-	-	-	-
VAT paid	175,540	-	-	120,611	-	-	54,929	-	-
<b>Total Payments</b>	<b>1,690,784</b>	<b>55</b>	<b>1,223</b>	<b>1,320,940</b>	<b>55</b>	<b>1,223</b>	<b>369,844</b>	<b>-</b>	<b>-</b>
<b>Intracompany Transfers</b>									
Receipt	2,198,587	-	-	1,148,804	-	-	1,049,783	-	-
Payment	-	(2,585,692)	-	-	(1,364,900)	-	-	(1,220,792)	-
<b>Net Position</b>	<b>804,036</b>	<b>1</b>	<b>1,898,877</b>	<b>120,393</b>	<b>302,793</b>	<b>1,898,877</b>	<b>683,643</b>	<b>(302,792)</b>	<b>-</b>
<b>Cash Balances</b>									
HSBC (non interest bearing)	804,036	1	1,898,877	120,393	302,793	1,898,877	683,643	(302,792)	-
<b>Total Cash</b>	<b>804,036</b>	<b>1</b>	<b>1,898,877</b>	<b>120,393</b>	<b>302,793</b>	<b>1,898,877</b>	<b>683,643</b>	<b>(302,792)</b>	<b>-</b>

Based on exchange rates at 5 November 2011, total cash in hand was equivalent to £984,242



# Section 6 Joint Administrators' time costs for the period 1 March 2011 to 31 October 2011

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			0.8	296	5.3	1,418	3.9	824	10.0	2,538	253.80
Asset realisation			8.7	3,842	5.1	1,510	-	-	15.8	6,352	402.03
Statutory and reporting	2.0	1,000	0.3	141	14.3	4,188	37.2	7,812	51.8	12,141	234.38
Strategy and planning			8.6	6,880	2.0	790	14.4	4,664	26.3	12,596	478.94
Tax and VAT	7.1	6,796	24.0	13,369	91.5	33,780	8.3	1,250	130.9	55,195	421.66
LBL Recharges	0.8	500	16.6	5,772	11.5	2,343	6.8	829	35.7	9,444	264.54
<b>Total</b>	<b>18.5</b>	<b>15,176</b>	<b>52.4</b>	<b>24,210</b>	<b>142.1</b>	<b>47,903</b>	<b>57.5</b>	<b>10,977</b>	<b>270.5</b>	<b>98,266</b>	<b>363.28</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	326
(£)	326

Current charge out rates Grade	Business		Specialist	
	Max £/hr	Max £/nr	Max £/hr	Max £/nr
Partner	800	980	880	880
Director	610	830	605	605
Senior manager	470	330	330	195
Manager	395			
Senior Associate	330			
Associate / Support Staff	210			

The Administrators remuneration has been fixed by reference to the time properly given by the 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 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 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 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. In line with PricewaterhouseCoopers LLP's annual review of charge out rates a 5% inflationary increase is being applied. This increase has not yet been reflected in the above figures as the requisite approval has not yet been obtained from the creditors committee of Lehman Brothers International (Europe). Approval is obtained, the increase will be effective from 1 July 2011.

## ***Summary of the Joint Administrators' time costs for the period 1 March 2011 to 31 October 2011***

### **Accounting and treasury - £2,538**

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

### **Asset Realisations - £6,352**

- Review of book debts receivable, and
- Lodge claims and provide evidence for book debts

### **Statutory and reporting - £12,141**

- Preparing and circulating the fifth six monthly 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 - £12,596**

- Reviewed financial information,
- Regular review of activity on the estate by PwC staff and retained Lehman staff,
- Worked on options surrounding loan portfolio;
- Regular meetings regarding the status of assets, and
- Review of strategy, to ensure strategy is continually in line with proposals

### **Tax and VAT- £55,195**

- Tax planning for group companies,
- Preparing and implementing tax protocol regarding the sale of tax losses, and
- Reviewing historic tax computations to locate losses that could be utilised by group companies, and
- Tax and VAT issues

### **LBL recharges – £9,444**

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