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

Joint Administrators' progress
report for the period 6 May to 5
November 2015

1 December 2015

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the 14th 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 their appointment, with particular focus on the six months to 5 November 2015 (the "reporting period").

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 were 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

On 24 June 2013, the Court gave the Administrators of LB PTG permission to agree and pay dividends in respect of the claims of its unsecured non-preferential creditors.

To date, the Administrators have paid three interim dividends totalling 25.44 pence in the £ to the Company's unsecured non-preferential creditors.

Further distributions are anticipated in due course, however the timing and quantum are subject to the receipt of further dividends from its debtors.

Extension to the Administration

On 5 November 2015, the High Court granted an Order to extend the Administration by a further 24 months to 30 November 2017, following an application made by the Administrators.

Future reports

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

Signed:



GE Bruce
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 bound by the Insolvency Code of Ethics which can be found at:

<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

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 ("ESH") 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 LB PTG's immediate group as well as the wider Lehman Brothers group), and investments in subsidiary companies.

Administrators' actions to date

LB PTG's key assets are its investments in subsidiary companies ("**the PTG Group**"), interests in real estate and intercompany debtors (from the PTG Group and the wider Lehman Brothers group).

Debtor Realisations

Eldon Street Holdings Limited ("ESH")

As previously reported, LB PTG has an admitted claim against ESH in the sum of £210.6m.

To date, LB PTG has received dividends totalling £52.5m from ESH, equating to 24.92 pence in the £.

Mable Commercial Funding Limited

LB PTG has received four dividends totalling 27.1 pence in the £ in respect of its admitted claim of £3k. The quantum and timing of further dividends remains uncertain.

Stainton Capital Holdings Limited ("Stainton")

LB PTG held a 43.5% interest in Stainton, which was placed into liquidation in October 2014. In January 2015, Stainton admitted LB PTG's £10.3m claim and, in September 2015, Stainton declared and paid a first and final dividend of 0.46 pence in the £. The Company has received £46.8k in respect of its claim. No further realisations are expected.

Subsidiary Investments

To date, LB PTG has received €3.9m from its investments in subsidiaries, with €225k being received in the reporting period in relation to Initium. Further distributions are likely in due course, however the quantum and timing are uncertain at present.

Distributions to Creditors

As previously reported, on 24 October 2011 the Administrators entered into a settlement agreement ("the Agreement") with 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 the Agreement, LB PTG agreed LBHI's and Lehman Commercial Paper Inc ("LCPI")'s claims at \$269.51m and \$0.09m, respectively.

In the reporting period, the Administrators have admitted an additional unsecured non-preferential creditor claim in the sum of £568.8k; a catch up dividend of £144.7k has been paid.

To date, LB PTG has paid three interim dividends totalling £46.53m, equating to 25.44 pence in the £.

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.
<i>Appointer's name and address:</i>	The original appointment of Administrators was made by 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>	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 fifth extension has been granted by the High Court of Justice until 30 November 2017.
<i>Proposed end of the Administration:</i>	The Administrators wish to retain various exit options available to them. However, it is most likely that the Administrators will continue to distribute from the Administration and, once the final distribution has been made, apply for the dissolution of the Company.
<i>Estimated dividend for unsecured creditors:</i>	The Administrators declared a first interim dividend of 7.50 pence in the £ to unsecured non-preferential creditors on 29 October 2013. A second interim dividend of 10.42 pence in the £ was declared and paid on 5 September 2014. A third dividend of 7.52 pence in the £ was declared and paid on 11 March 2015. The Administrators anticipate that further dividend will be paid, however the quantum and timing are uncertain.
<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

Receipts and payments account

An account of the receipts and payments in the Administration showing movements for the six months to 5 November 2015 is set out overleaf.

Administrators' remuneration

In January 2009, the Administrators requested and received consent from LB PTG's creditors for the Administrators' remuneration to 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.

There is a summary of the Administrators' time costs for the period 1 April to 30 September 2015, presented in accordance with Statement of Insolvency Practice 9, together with a narrative of the work performed.

Time costs for this period total £65,072 plus VAT, which represents 171.77 hours at an average hourly rate of £379.

To date, remuneration of £1,536,085 plus VAT has been drawn in respect of time costs incurred to 31 August 2015.

Section 5 Receipts and Payments Account

	Notes	As at 5 November 2015 GBP (£)	Movement GBP (£)	As at 5 May 2015 GBP (£)	As at 5 November 2015 EUR (€)	Movement EUR (€)	As at 5 May 2015 EUR (€)
Receipts							
Distributions received		52,866,312	46,863	52,819,449	735,000	225,000	510,000
Asset realisations		-	-	-	3,605,748	-	3,605,748
Loan from group company		30	-	30	-	-	-
Sale of tax losses		51,284	-	51,284	-	-	-
VAT refunds repaid to Lehman Brothers Ltd	(1)	-	-	-	-	-	-
Corporation tax refund		13,718	-	13,718	-	-	-
Net tax function costs recharged		251,253	-	251,253	-	-	-
Assets held on trust		399	-	399	-	-	-
Interest received gross		58,073	17,222	40,851	-	-	-
Total Receipts		53,241,069	64,085	53,176,984	4,340,748	225,000	4,115,748
Payments							
Legal fees		119,697	11,284	108,413	-	-	-
Professional fees		21,846	-	21,846	-	-	-
Employee wages & associated costs		310,438	-	310,438	-	-	-
Joint Administrators' Remuneration		1,536,085	60,058	1,476,027	-	-	-
Joint Administrators' Category 1 disbursements		3,406	-	3,406	-	-	-
Payment for group relief		342,723	-	342,723	-	-	-
Statutory advertising		31,772	-	31,772	-	-	-
Insurance		87,150	-	87,150	-	-	-
Pension related legal costs	(2)	97,522	-	97,522	-	-	-
Payment on account to HMRC for potential corporation tax liability	(3)	300,000	-	300,000	-	-	-
IT costs		5,741	-	5,741	-	-	-
VAT irrecoverable		287,577	14,268	273,309	-	-	-
Total Payments		3,143,957	85,610	3,058,347	(4,340,748)	(225,000)	(4,115,748)
Intracompany Transfers							
Receipt							
Payment		3,593,448	180,923	3,412,525	-	-	-
Total receipts less total payments		53,590,560	159,398	53,531,162	(4,340,748)	(225,000)	(4,115,748)
Distributions to unsecured creditors							
1st dividend of 7.50p in the £, declared in October 2013	(4)	(13,717,755)	(42,673)	(13,675,082)	-	-	-
2nd dividend of 10.42p in the £, declared in September 2014	(4)	(19,058,521)	(59,274)	(18,999,247)	-	-	-
3rd dividend of 7.52p in the £, declared in March 2015	(4)	(13,756,814)	(42,777)	(13,714,037)	-	-	-
Cash in hand / (movement in year)		7,157,470	14,674	7,142,796	-	-	-
Cash Balances							
HSBC (non interest bearing)		1,000,000	486,204	513,796	-	-	-
Money market		6,157,470	(471,530)	6,629,000	-	-	-
Total Cash		7,157,470	14,674	7,142,796	-	-	-

Notes

- Refunds of input VAT totalling £51,288, which had previously been off set against irrecoverable VAT, have been repaid to Lehman Brothers Ltd (the representative of the Lehman's VAT group). Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.
- £71,952 paid for LB PTC's share of the pension related legal fees met by LB SF No. 1 in Liquidation on behalf of other entities.
- Payment on account to HM Revenue and Customs in respect of the potential corporation tax liability arising in the year from (i) subsidiary Grace Hotels final distribution and (ii) held over gain triggered on distributions from ESH.
- A catch up dividend totalling £144,724 was paid in the period relating to a previously unadjudicated claim which has now been admitted.

Section 6 Joint Administrators' time costs for the period 1 April to 30 September 2015

Joint Administrators' time costs for the period 1 April to 30 September 2015

Classification of work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total	
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)
Accounting and treasury	0.10	69	4.45	1,965	15.85	4,735	20.50	4,794	40.90	11,563
Creditors	-	-	1.00	434	-	-	4.70	1,109	5.70	1,543
Statutory and other compliance	0.60	524	8.40	3,715	13.75	4,979	19.85	4,589	42.60	13,807
Strategy and planning	13.65	11,200	15.80	7,625	25.45	8,956	6.00	1,383	60.90	29,164
Tax and VAT	1.60	1,552	4.35	2,425	9.30	3,619	4.09	718	19.34	8,314
LBIE Recharges	0.13	87	0.20	84	1.35	365	0.65	145	2.33	681
Total	16.08	13,432	34.20	16,248	65.70	22,654	55.79	12,738	171.77	65,072
Average hourly rate				475		345		228		379

Current charge out rates

Grade	Business Recovery Services		Specialist	
	Max £/hr	From 1 July 2015	Max £/hr	From 1 July 2015
Partner	873	899	1,215	1,262
Director	765	788	1,076	1,108
Senior manager	512	527	905	932
Manager	431	444	660	680
Senior Associate	360	371	490	505
Associate/Support Staff	229	236	228	235

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 minimum 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 given 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 April to 30 September 2015

Accounting and treasury - £11,563

- Reconciliation of bank accounts;
- Arranging receipts and payments of funds and coding of movements;
- Monitoring flow of funds into bank accounts;
- Managing funds in various institutions in order to mitigate risk;
- Dealing funds on the money markets and inputting deals; and
- Dealing with catch up distribution.

Creditors - £1,543

- Liaison with creditor regarding their unadjudicated claim against the estate;
- Adjudicating on and agreeing creditor claim;
- Dealing with queries from other creditors.

Statutory and compliance - £13,807

- Preparation of Administrators' 13th progress report;
- Circulating progress report to creditors;
- Statutory filings at Companies House and Court;
- Preparing receipts and payments account;
- Preparing detailed remuneration summary;
- Undertaking six monthly review of Administration;
- Review of time costs in preparation for billing;
- Preparation of an application to Court to extend the administration;
- Preparation of progress report to support extension application; and
- Maintaining case records, website and database.

Strategy and planning - £29,164

- Reviewing financial information;
- Discussions regarding strategy for the Administration;
- Updating strategy documents;
- Distribution strategy and planning;
- Discussions regarding subsidiaries; and
- Regular meetings regarding the status of assets.

Tax and VAT - £8,314

- VAT reconciliation and preparation of VAT returns;
- Dealing with Corporation Tax and VAT queries; and
- Tax compliance.

LBIE Recharges – £681

- This is an apportionment of the costs incurred by Lehman Brothers International (Europe) associated with the administration companies.

