
Thayer Properties Limited – In Creditors’ Voluntary Liquidation

Joint Liquidators’ progress report
for the period 1 November 2016 to 31
October 2017

21 December 2017

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Section 1 Liquidators' progress report

Introduction

This is the sixth progress report prepared by the Joint Liquidators (the "Liquidators") of Thayer Properties Limited ("Thayer" or the "Company").

This report provides an update on the work that the Liquidators have undertaken and the progress made since their appointment, with particular focus on the progress made in the period 1 November 2016 to 31 October 2017 (the "reporting period").

Asset realisations

The following debtor recoveries were made during the reporting period:

Eldon Street Holdings Limited ("ESH")

The Company's claim against ESH was admitted for dividend purposes at £204.7m. In the reporting period, Thayer received sixth and seventh distributions from ESH of £2.6m and £12.4m respectively. Distributions received from ESH to date total £80.8m, representing 39.4 pence in the £.

Lehman Commercial Paper Inc. ("LCPI")

Thayer's claim against LCPI was admitted for dividend purposes at \$13.3k. During the reporting period, the Company received a tenth distribution, which brings total recoveries to \$6.5k.

Mable Commercial Funding Limited ("Mable")

On 22 February 2017, Mable paid a sixth interim distribution of £340 representing 1.35 pence in the £ on the Company's admitted claim of £25.1k. To date, the Company has received a total of £8k from Mable.

Lehman Brothers Bankhaus AG ("LBB")

The Company's claim against LBB was admitted for dividend purposes for €43k. In the reporting period, three further distributions were received totalling £1.4k, bringing recoveries from LBB to £32k.

Assets still to be realised

The Company's remaining assets are its future receivables from its admitted claims against ESH, LCPI, Mable and LBB. Further distributions are likely, but the quantum and timing are uncertain.

The Liquidators continue to liaise with the liquidators of the Company's Jersey-registered subsidiaries regarding the potential future realisations of significant assets in those companies.

Outcome for Creditors

There are no secured or preferential creditors.

To date, unsecured claims totalling £392m have been admitted for dividend purposes.

In the reporting period, fifth and sixth interim dividends of 1.4 and 3.184 pence in the pound respectively were declared, resulting in distributions totalling £18m being paid.

A total of £81.2m has now been distributed to the Company's unsecured creditors, equating to a cumulative dividend of 20.704 pence in the pound.

It is anticipated that a seventh interim distribution will be declared in 2018, though the precise timing and quantum remain uncertain.

Tax

All tax returns have been filed and agreed by HMRC up to year ended 2015. The tax return for the 2016 period end has been submitted, showing a small loss of £14k which was carried forward.

The Company's VAT returns are up to date. As the Company is a fully exempt business for VAT purposes, there have been no recoveries on payments in the period.

There have been significant UK tax reforms to the tax loss regime and the deductibility of interest which may impact the tax position going forward.

Investigations

Nothing has come to the Liquidators' attention during the reporting period to suggest that they need to do any more work in line with their duties under the Company Directors' Disqualification Act 1986 and SIP2.

Next report and enquiries

The Liquidators will circulate their next report in approximately 12 months' time or at the end of the Liquidation, whichever is sooner. If any creditor has any queries in the meantime, please contact Bryony Ball on +44 (0)20 7213 3731.

Signed:



GE Bruce
Joint Liquidator
Thayer Properties Limited

AV Lomas, GE Bruce and JG Parr were appointed as Joint Liquidators of Thayer Properties Limited. The Joint Liquidators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

*The Joint Liquidators 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 Liquidators 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 liquidation.

Section 2 Statutory information

<i>Full name:</i>	Thayer Properties Limited
<i>Former Company name:</i>	Bindford Limited
<i>Registered number:</i>	04108259
<i>Registered address:</i>	7 More London Riverside, London, SE1 2RT
<i>Date of the Liquidators' appointment:</i>	1 November 2012
<i>Name and address of the Liquidators:</i>	AV Lomas, GE Bruce and JG Parr of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
<i>Change in Liquidator:</i>	Upon an application to the High Court of Justice, an order was made on 22 March 2013 that GE Bruce and JG Parr be appointed Liquidators and that DA Howell and MJA Jervis cease to be Liquidators of the Company.
<i>Dates of preceding Administration:</i>	20 July 2010 to 31 October 2012

Section 3 Financial information

Receipts and payments account

An account of the receipts and payments for the reporting period, together with a cumulative total since commencement of the Liquidation, is set out in Section 4.

Liquidators' expenses

Set out in Section 5 is a statement of expenses incurred by the Liquidators since their appointment, together with an estimate of future expenses.

Liquidators' remuneration

In accordance with resolutions passed in the Administration at the initial creditors' meeting held on 18 October 2010 the former Administrators' fees were fixed by reference to the time properly given by them and the various grades of their staff. In accordance with the Insolvency (England & Wales) Rules 2016 ("IR16"), the remuneration basis agreed in the Administration has continued in the Liquidation.

The following information has been provided in Section 6:

(i) an analysis of the Liquidators' time costs for the reporting period, including the cumulative total time costs from the date of the Liquidators' appointment; and

(ii) a summary of the Liquidators' time costs for the reporting period, including the key categories of work, details of the work undertaken, an explanation of why the work was necessary and whether or not the work was of financial benefit to the creditors or if it was required by statute.

In line with the creditors' approval, as at 31 October 2017, the Liquidators have drawn total remuneration of £729k plus VAT in respect of time costs incurred to 31 May 2017.

Time costs for the twelve months to 31 October 2017 total c.£331k plus VAT, which represents 705 hours at an average hourly rate of £469.

Disbursements

The Liquidators are not required to seek approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types

of expenses are called Category 2 disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves the Liquidators' fees.

Category 1 disbursements comprise payments to third parties, for example in relation to travel costs and insolvency office holders' insurance.

The Liquidators' expenses policy allows for all properly incurred expenses to be recharged to the Liquidation.

In the reporting period, the Liquidators incurred Category 1 disbursements of £214. These have not yet been paid. No Category 2 disbursements were incurred or paid.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<http://www.icaew.com/~media/corporate/files/technical/insolvency/creditors%20guides/creditors%20guide%20liquidators%20ofees%20ofinal.ashx>

Creditors can request a paper copy of the above guide by contacting lehman.affiliates@uk.pwc.com.

Section 4 Receipts and payments account

	GBP			USD		
	As at 31/10/2017	Movements in Period	As at 31/10/2016	As at 31/10/2017	Movements in Period	As at 31/10/2016
Receipts						
Administration surplus	3,236,792	-	3,236,792	2,703	-	2,703
Dividends received:						
Eldon Street Holdings Limited	80,841,159	14,972,055	65,869,104	-	-	-
Lehman Brothers International (Europe)	16,182	-	16,182	-	-	-
Lehman Brothers Bankhaus AG	32,410	1,350	31,060	-	-	-
Lehman Commercial Paper Inc.	-	-	-	6,442	528	5,914
Mable Commercial Funding Limited	8,027	340	7,687	-	-	-
Sale of tax losses	535,891	-	535,891	-	-	-
Interest received	93,215	4,155	89,060	2	2	-
Total receipts	84,763,676	14,977,900	69,785,776	9,147	530	8,617
Payments						
Legal fees	52,487	6,356	46,131	-	-	-
Joint Administrators' remuneration	11,814	-	11,814	-	-	-
Joint Liquidators' remuneration (note 2)	729,278	278,331	450,947	-	-	-
Joint Liquidators' Category 1 disbursements	839	-	839	-	-	-
Employee costs	18,227	7,527	10,700	-	-	-
Insurance	85	-	85	-	-	-
IT Costs	5,741	-	5,741	-	-	-
Statutory Advertising	22,506	16,189	6,317	-	-	-
Bank charges	-	-	-	160	45	115
Irrecoverable VAT (note 3)	162,622	60,176	102,446	-	-	-
Total payments	1,003,599	368,579	635,020	160	45	115
Intercompany transfers						
Payment	-	-	-	(7,677)	-	(7,677)
Receipt	4,712	-	4,712	-	-	-
Total receipts less total payments	83,764,789	14,609,321	69,155,468	1,310	485	825
Distributions to unsecured creditors						
1st dividend to unsecured creditors of 4.25p in the £, declared 12 Mar 2014	16,664,983	-	16,664,983	-	-	-
2nd dividend to unsecured creditors of 4.27p in the £, declared 5 Sep 2014	16,743,406	-	16,743,406	-	-	-
3rd dividend to unsecured creditors of 2.4p in the £, declared 15 Apr 2015	9,410,814	-	9,410,814	-	-	-
4th dividend to unsecured creditors of 5.2p in the £, declared 10 Mar 2016	20,390,097	-	20,390,097	-	-	-
5th dividend to unsecured creditors of 1.4p in the £, declared 15 Mar 2017	5,489,641	5,489,641	-	-	-	-
6th dividend to unsecured creditors of 3.184p in the £, declared 11 Sep 2017	12,485,129	12,485,129	-	-	-	-
Total distributions	81,184,070	17,974,770	63,209,300	-	-	-
Net Position	2,580,719	(3,365,449)	5,946,168	1,310	485	825
Cash balances						
Money market deposits	-	-	-	-	-	-
HSBC - current account (note 4)	2,580,719	(3,365,449)	5,946,168	1,310	485	825
Total cash (note 1)	2,580,719	(3,365,449)	5,946,168	1,310	485	825

Note:

- 1) All of the Company's assets are uncharged, there being no secured creditors.
- 2) The Joint Liquidators have drawn £278,331 + VAT in respect of costs incurred between 1 September 2016 and 31 May 2017.
- 3) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.
- 4) Funds at HSBC are held in an interest bearing bank account.
- 5) The estimated to realise values of assets shown in the directors' statement of affairs in the preceding Administration do not represent a meaningful comparison with the current position and are therefore

Section 5 Liquidators' expenses

The information in the following table provides details of the Liquidators' expenses. Expenses are defined as amounts payable by the Liquidators from the estate, they include the Liquidators' fees but exclude distributions to creditors. The table also excludes any potential tax liabilities, other than VAT, that may be payable as a Liquidation expense, as the final amounts becoming due are dependent on the position at the end of the tax accounting period and the impact of any UK legislative tax reform.

The table should be read in conjunction with the receipts and payments account in Section 4, which shows expenses actually paid during the period and the total paid to date.

In estimating future expenses, assumptions have been made relevant to the annual run rate where appropriate.

	Brought forward from preceding period £k	Paid in the period £k	Cumulative £k	Incurred and not paid £k	Estimated future £k	Anticipated total £k
Legal fees and disbursements	46	6	52	-	150	202
Employee wages and associated costs	12	8	20	-	92	112
Administrators' remuneration and disbursements	12	-	12	-	-	12
Liquidators' remuneration and disbursements*	452	278	730	89	620	1,439
Advertising costs	6	16	22	-	34	56
IT costs	6	-	6	-	-	6
Irrecoverable VAT	102	60	162	18	154	334
Total	636	368	1,004	107	1,050	2,161

Sums have been rounded to the nearest £1k.

Certain classes of future costs are subject to material uncertainty, which prevent the Liquidators from providing a meaningful estimate of future costs at this time. However, the Liquidators have made reserves in respect of their professional fees and legal costs, which are indicated above.

*The increase in estimated future Liquidators' remuneration is due predominantly to complexities in relation to the realisation of potential future assets in the Company's Jersey-registered subsidiaries.

Section 6 Joint Liquidators' time costs

Classification of work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and Treasury	0.35	287	22.30	10,082	7.50	2,062	36.20	8,723	66.35	21,154
Strategy and Planning	34.60	27,671	36.40	17,403	19.90	5,794	10.25	2,442	101.15	53,310
Statutory and Other Compliance	3.80	3,118	33.90	15,670	51.80	14,212	47.10	11,124	136.60	44,124
Creditors	0.50	410	27.45	12,717	41.35	11,713	23.15	5,495	92.45	30,335
Asset Realisations	35.30	28,867	118.30	66,822	4.30	1,165	14.20	2,357	172.10	99,211
Tax and VAT	39.20	41,302	46.90	27,490	34.45	10,218	16.10	3,369	136.65	82,379
Total for the period 1 November 2016 to 31 October 2017	113.75	101,655	285.25	150,184	159.30	45,164	147.00	33,510	705.30	330,513
Average hourly rate for the year to 31 October 2017										469
Cumulative total to 31 October 2017										817,977

Current charge out rates	Business Recovery Services		Specialist	Specialist
	Max £/hr	Max £/hr	Max £/hr	Max £/hr
Grade	From 1 July 2015	From 1 July 2017	From 1 July 2015	From 1 July 2017
Partner	899	935	1,262	1,312
Director	788	820	1,108	1,152
Senior Manager	527	548	932	969
Manager	444	462	680	707
Senior Associate	371	386	505	525
Associate/Support Staff	236	245	235	244

The Liquidators' remuneration has been fixed by reference to the time properly given by the Joint Liquidators and their staff in attending to matters arising in the Liquidation. The minimum unit for time charged by the Liquidators and their staff is 0.05 of an hour.

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.

Charge-out rates were held unchanged from 1 July 2012 to 30 June 2015. An increase of 3% in charge-out rates was effective from 1 July 2015 to 30 June 2017. An increase of 4% in charge-out rates is effective from 1 July 2017, and in line with other Group affiliates controlled by PricewaterhouseCoopers LLP's office holders, this approach is also used for Thayer.

Notes:

- (i) The cumulative total refers to the time costs incurred for the period 1 November 2012 to 31 October 2017, of which £729,278 has been drawn as fees.

Summary of the Joint Liquidators' time costs for the twelve months ended 31 October 2017

Accounting and treasury - £21,154

An essential function for the management of funds held by the Liquidators on behalf of the Company.

- Provision of information for the purposes of statutory reporting;
- Arrangement of receipts and payments of funds and coding of movements;
- Preparing bank reconciliations;
- Verifying creditor payment details and processing fifth and sixth dividend payments; and
- Monitoring flow of funds into the bank accounts.

Strategy and planning - £53,310

The Liquidators and their staff have invested their time in the planning and delivery of their strategy in order to progress towards the resolution of the key outstanding matters.

- Review of the strategy for the Liquidation in relation to various matters, regular team meetings to consider case progression;
- Review and maintenance of financial information; and
- Updating strategy documents.

Statutory and other compliance - £44,124

The following tasks were undertaken in accordance with the Liquidators' statutory obligations or internal compliance.

- Preparation of the Liquidators' fifth progress report;
- Circulating progress report to creditors and updating the dedicated Thayer website with the progress report;
- Statutory filings at Companies House and Court;
- Preparation of Liquidators' time costs for billing purposes;
- Preparation of receipts and payments account for report to creditors;
- Preparation of detailed remuneration summary;
- Undertaking a six monthly case reviews of the Liquidation, in accordance with professional requirements;
- Maintaining case files and the Liquidation database.

Creditors - £30,335

The following tasks were undertaken in order to distribute the Company's assets to its creditors.

- Updating the estimated outcome statement;
- Preparing and advertising the notice of intended dividend for the fifth and sixth interim distributions; and
- Calculating and declaring the fifth and sixth interim dividends to unsecured creditors.

Asset Realisations - £99,211

- Investigation of potential realisations of assets from its subsidiary companies based in Jersey. The subsidiary companies are also in liquidation. Discussions with the liquidators of these subsidiary companies are ongoing; and
- Liaison with office holders of other debtors concerning ongoing and future recoveries.

Tax and VAT - £82,379

The following tasks were undertaken for VAT and tax compliance purposes.

- Preparation and submission of the corporation tax return for the year ending 2016;
- Meetings and discussions with the tax team;
- Ensuring corporation tax compliance;
- Review of tax positions and strategy; and
- Preparation and submission of group VAT returns.

Section 7 Estimated future work and other matters

Thayer's principal remaining assets are its admitted unsecured claims against ESH, LCPI, LBB and Mable, as well as potential recoveries from its subsidiaries.

The Liquidators estimate that their future time costs and disbursements to complete the Liquidation will be c.£0.62m, broadly analysed as follows:

	£k
Accounting and treasury	50
Strategy and planning	100
Statutory and other compliance	100
Asset realisations	210
Creditors	60
Tax and VAT	<u>100</u>
	620

The nature of the work and benefit for creditors and / or whether it needs to be undertaken for statutory or regulatory reasons will be as outlined in Section 6 in regard to activity for the twelve months to 31 October 2017.

Relationships

The Liquidators have no business or personal relationships with the parties who approve their fees or who provide services to the Liquidation where the relationship could give rise to a conflict of interest.

Details of subcontracted work

Certain centralised services are undertaken on behalf of Thayer by employees retained by LBIE and LB SF Warehouse Limited; these include the provision of certain tax and VAT services and key staff resource. The costs of such services are recharged to Thayer. No costs were paid in relation to these services in the reporting period. Prior costs are shown as employee costs in the receipts and payments account in Section 4.

Service provided	Name of firm / organisation	Reason selected	Basis of recharge
Tax Services	<i>LBIE</i>	<i>Prior/Industry knowledge</i>	<i>Recharged costs</i>
Loan Portfolio Management	<i>LB SF Warehouse Limited</i>	<i>Prior/Industry knowledge</i>	<i>Recharged costs</i>

Legal and other professional firms

The Liquidators have instructed the following professionals on this case. The selection of individual legal firms is determined by the jurisdiction and nature of the advice being sought, and whether a conflict exists.

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services:	<i>Linklaters LLP</i>	<i>Industry knowledge</i>	<i>Time costs</i>

All professional firms instructed by the Liquidators are required to provide a narrative explanation in support of invoices. All invoices are reviewed before being approved for payment. The Liquidators are satisfied that the level of legal and professional costs is appropriate.