

Joint administrators' progress report from 9 December 2020 to 8 June 2021

Eldon Street Holdings Limited
(in administration)

**High Court of Justice, Chancery Division,
Companies Court**
Case no. 11056 of 2008

5 July 2021

Table of contents

Abbreviations and definitions	3
Section 1: Introduction	4
Section 2: Progress during the reporting period	5
Section 3: Other matters	8
Appendix A: Receipts and payments	10
Appendix B: Expenses	11
Appendix C: Remuneration update	12
Appendix D: Estimate of future time costs	17
Appendix E: Other information	18

Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Company / ESH	Eldon Street Holdings Limited
Administrators	DA Howell, GE Bruce, R Downs and EJ Macnamara, of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
Firm	PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
HMRC	HM Revenue & Customs
Reporting Period	The period from 9 December 2020 to 8 June 2021

This report has been prepared by DA Howell, GE Bruce, R Downs and EJ Macnamara as Administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context. We caution creditors against using data in this report as a basis for estimating the value of their claims or their likely eventual entitlement to payment. Eldon Street Holdings Limited, the Administrators, their firm, its members, partners, staff and advisers accept no liability to any party for any reliance placed upon this report.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company. Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Administrators' previous reports issued to the Company's creditors, which can be found at <https://www.pwc.co.uk/services/businessrecovery/administrations/non-lbiecompanies/esh-ltd-in-administration.html>. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

DA Howell, GE Bruce, R Downs and EJ Macnamara have been appointed as Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The 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 Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Administrators. Personal data will be kept secure and processed only for matters relating to the Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Administrators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Section 1: Introduction

This report has been prepared by the Administrators of Eldon Street Holdings Limited, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016.

This is the twenty-fifth progress report to the unsecured creditors of the Company and it provides an update on the work that the Administrators have undertaken, and the progress made since their appointment, with particular focus on the progress made in the six months to 8 June 2021 (the "Reporting Period"). The statutory receipts and payments account for the Reporting Period is attached at Appendix A.

We have sought not to duplicate information disclosed to creditors in prior reports and updates, copies of which can be found at:

<https://www.pwc.co.uk/services/business-restructuring/administrations/non-lbie-companies/esh-ltd-in-administration.html>

Objective of the Administration

The Administrators continue to pursue the statutory objective of achieving a better result for the Company's creditors as a whole than would be likely in a winding up (without first being in Administration). The specific aims of this Administration are to:

- protect and control the Company's assets; and
- maximise value for the Company from its real estate interests, intercompany debtors and shareholdings in its subsidiaries.

Outcome for creditors

Creditors may recall that on 24 June 2013, the High Court granted the Administrators permission to make distributions to the Company's unsecured creditors.

During the Reporting Period a 10th interim distribution of £3,948,989 was paid to creditors. Total cash distributions of £209,088,119 and US\$4,163,345 have been paid to date, equating to cumulative dividends totalling 47.634 pence in the pound.

The Administrators expect to make further interim cash distributions during the administration, although the exact quantum and timings remain contingent upon the outcome of the issues detailed in Section 2.

Next steps and future reports

The Administrators' next formal progress report to creditors will be in six months' time.



GE Bruce
Joint Administrator
Eldon Street Holdings Limited

Section 2: Progress during the reporting period

Debtor Realisations

Lehman Brothers Holdings Inc. (“LBHI”)

The Company had a guarantee claim against LBHI which was admitted in 2011 in the amount of \$28.6m. Cumulative dividends from LBHI in respect of the guarantee claim totalled \$10.2m.

As explained in our previous progress reports, LBHI alleged that the Company was not entitled to any further distributions in respect of this claim, and in April 2019 LBHI initiated proceedings in the United States Bankruptcy Court Southern District of New York (the “**NY Bankruptcy Court**”) (the “**Clawback Proceedings**”) against the Company (and against certain other Lehman UK affiliate entities), seeking to reclaim the \$10.2m it had paid to the Company in relation to the guarantee claim, along with pre-judgment interest (at nine per cent per annum). The Company counterclaimed, seeking payment by LBHI of further distributions in respect of the guarantee claim.

The parties to the Clawback Proceedings agreed on a stipulation of facts and completed discovery and deposition processes, in preparation for a Summary Judgment motion that was scheduled to be heard on 13 January 2021.

During the period leading up to the Summary Judgment motion hearing, negotiations were entered into between LBHI, the Company, and the other Lehman UK affiliate entities that were party to the Clawback Proceedings, with a view to settling the Clawback Proceedings. In January 2021 a settlement was agreed between the parties and approved by the NY Bankruptcy Court. As part of the terms of the settlement, the Company agreed to make a payment of \$8 million to LBHI. Such payment was made on 28 January 2021, following which the Clawback Proceedings were dismissed. No further distributions will be received from LBHI.

Realisations from UK subsidiaries

Lehman Brothers Holdings Plc (“LBH”)

The Company has an admitted claim against LBH of £31,358,468, which has been paid in full. In the Reporting Period, LBH made a payment of £7,771,261 towards the Company’s entitlement to post-administration, statutory interest on that claim. In total, the Company has now received £8,559,305 towards its statutory interest entitlement and has a remaining statutory interest entitlement of £14,522,366.

Further distributions from LBH remain contingent upon a chain of recoveries which has been described in our previous progress reports. In summary, they depend upon further recoveries that LBH is able to make from LB Holdings Intermediate 2 Limited (“LBHI2”). The extent of future recoveries by LBH from LBHI2 is impacted by the subordinated debt litigation (“**Priority**

Application”) being pursued by LBH in the LBHI2 estate. Until recently, future recoveries were also impacted by the Clawback Litigation which was being pursued by LBHI, however this has now been settled, as described above.

The Priority Application was heard in November 2019 and the Court’s Judgement was handed down on 3 July 2020. Amongst other matters, it was found that LBH’s subordinated debt claim against LBHI2 ranks senior to that of Lehman Brothers Holdings Scottish LP3 (**‘SLP3’**) (a controlled subsidiary of LBHI). At subsequent hearings, SLP3 was granted permission to appeal the ranking of the subordinated debts, as well as certain other matters.

High-level summaries of the outcome of those hearings and copies of the Court’s orders, as well as other information concerning the Priority Application, are available on LBH’s website at:

<https://www.pwc.co.uk/services/business-restructuring/administrations/non-lbie-companies/lbh-plc-in-administration.html>

In the absence of a consensual settlement of the issues raised in the Priority Application, we understand that the Court of Appeal will hear the appeal in the week commencing 4 October 2021.

Future recoveries by LBH from LBHI2 are additionally dependent upon the eventual outcome in the administration of Lehman Brothers International (Europe) and upon the terms of the Wentworth joint venture. These matters have also been described in our previous progress reports.

Storm Funding Limited

The Company has a small claim against Storm Funding Ltd (in Administration) but no recoveries were made during the reporting period.

Subsidiary investments

The Administrators’ continue to seek to identify opportunities and options to simplify the underlying assets of Eldon Street’s remaining solvent subsidiaries, including Eldon Street (Fidenza) Limited (“Fidenza”) and Eldon Street (Jefferson) Limited (“Jefferson”). During the Reporting Period, the Company received from Jefferson a surplus distribution of £1,489,373, following which Jefferson entered into Members Voluntary Liquidation. No further distributions from Jefferson are expected. Fidenza’s assets include minority stakes in companies that hold property investments. Those property investments continue to have both actual and potential value and the Administrators continue to manage the position in order to maximize returns to creditors.

Eldon Street continues to hold funds on behalf of one of its subsidiaries which does not hold a bank account of its own. These funds have been disclosed in the receipts and payments account as ‘Funds held on trust’.

Funds received from subsidiaries (including the seven subsidiaries which are now dissolved) total c.£21.5m.

Creditors

As mentioned above, in the Reporting Period the Company received from LBH £7,771,261 towards the Company’s entitlement to post-administration, statutory interest. This enabled the Company to pay a 10th interim distribution of £3,948,989 to its creditors in February 2021, representing 0.912 pence in the pound. Total cash distributions of £209,088,119 and US\$4,163,345 have been paid to date, equating to cumulative dividends totalling 47.634 pence in the pound.

The Company is entitled to further payments of statutory interest from LBH totalling £14,522,336. Were the Company to make a recovery of its remaining statutory interest entitlements, either in full or in part, this might lead to a further recovery for the Company's creditors, although the extent of any such recovery would be dependent upon the various matters which affect the Company's estate, as described above. Consequently, whilst it is anticipated that further interim distributions will be declared, the timing and quantum remain uncertain.

In our previous report we explained that in October 2020, the LBH Administrators published on the LBH website an assessment of the potential economic outcomes for LBH's creditors, on the basis of the current Court judgment in the Priority Application, and based on certain other important projections and assumptions. In February 2021 the LBH administrators published an update to their assessment of potential outcomes, which continues to indicate that LBH may be able to pay all of its unsecured creditors' statutory interest entitlements in full. These assessments of potential economic outcomes are available on LBH's website at:

<https://www.pwc.co.uk/services/business-restructuring/administrations/non-lbie-companies/lbh-plc-in-administration.html>

Section 3: Other matters

Corporation Tax

All corporation tax returns up to and including the year ended 8 December 2019 have been agreed by HMRC. The Company has £5.75m of pre-April 2017 losses and £0.47m of post-April 2017 losses carried forward as at 8 December 2019.

The Administrators have met their obligations under the Senior Accounting Officer legislation and regarding the publication of the Lehman Group Tax Strategy. The Administrators have also adhered to the UK and US Foreign Account Tax Compliance Act and Common Reporting Standards and have considered their obligations under the new Corporate Criminal Offence rules which came into effect in September 2017.

Our receipts and payments account

An account of the receipts and payments for the six months to 8 June 2021, together with a cumulative total since the beginning of the Administration, is in Appendix A.

Our remuneration and expenses

Statement of Insolvency Practice number 9 ('SIP9'), issued by the Institute of Chartered Accountants in England and Wales, was revised with effect from 1 December 2015 and applies to all open insolvency cases. SIP9 details the disclosure standards required by insolvency office holders in respect of fees, expenses and payments to associates.

In accordance with SIP9, we set out:

1). In Appendix B:

- a statement of the expenses that the Administrators incurred in the Reporting Period, together with an estimate of future expenses. The information in the expenses statement should be read together with the receipts and payments account in Appendix A, which shows expenses actually paid during the Reporting Period but excludes those incurred which have not yet been paid.

2). In Appendix C:

- an analysis of the Administrators' time costs for the period 1 December 2020 to 31 May 2021, including the cumulative total time costs from the date of the Administrators' appointment to 31 May 2021, and

- a summary of the Administrators' time costs for the period, including the key categories of work, further information on the work undertaken, a description of why the work was necessary, how the work benefits creditors and whether it was required by statute.

Time costs for period 1 June 2020 to 31 May 2021 total £154,017 plus VAT, which represents 250 hours at an average hourly rate of £615.

Disbursements

Category 1 disbursements comprise payments to third parties, for example in relation to travel costs, statutory advertising and insolvency office holders' insurance. The Administrators are not required to seek approval to draw Category 1 disbursements.

Category 2 disbursements for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, and communication facilities 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 Administrators' fees.

The Administrators' disbursements policy allows for all properly incurred disbursements to be recharged to the Administration.

In the Reporting Period, the Liquidators incurred Category 1 disbursements of £12 and Category 2 disbursements of £283. These have not yet been 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 fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

[A CREDITORS' GUIDE TO ADMINISTRATORS' FEES](#)

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

Appendix A: Receipts and payments

Receipts and payments account for the period ending 8 June 2021

	GBP			USD		
	8 Jun 2021	Movements in the period	9 Dec 2020	8 Jun 2021	Movements in the	9 Dec 2020
Receipts						
Corporation Tax refund	2,210,311	-	2,210,311	-	-	-
Contribution to the Pension Club Deal	11,800,000	-	11,800,000	-	-	-
Distributions from subsidiaries (Note 2)	16,074,647	1,489,374	14,585,273	-	-	-
Intercompany debtors	43,214,721	7,771,261	35,443,460	226,749,109	-	226,749,109
Bank interest	863,453	3,164	860,289	9,619	85	9,534
Recovery of intercompany loan	280,000	-	280,000	-	-	-
Sale of tax losses	2,993,822	-	2,993,822	-	-	-
Net tax function costs recharged	414,124	-	414,124	-	-	-
Sale of creditor claims	1,100,000	-	1,100,000	22,619,960	-	22,619,960
Funds held on trust (Note 1)	8,878,581	-	8,878,581	-	-	-
Total receipts	87,829,659	9,263,799	78,565,860	249,378,688	85	249,378,603
Payments						
Distributions to unsecured creditors	209,088,119	3,948,989	205,139,130	4,163,345	-	4,163,345
Joint Administrators' remuneration and disbursements	4,540,362	494,403	4,045,959	867	-	867
Legal, professional and consultancy fees	1,231,103	24,117	1,206,986	-	-	-
Legal Settlement	-	-	-	8,000,000	8,000,000	-
Employee wages and associated costs	1,327,714	105,546	1,222,168	-	-	-
Insurance	381,127	-	381,127	-	-	-
Statutory costs	106,430	10,896	95,534	-	-	-
Funds held on trust	8,834,991	-	8,834,991	-	-	-
Contribution to Pension Club Deal	11,800,000	-	11,800,000	-	-	-
Payments on behalf of subsidiaries (Note 3)	937,904	26,495	911,409	-	-	-
Other	55,607	-	55,607	-	-	-
Irrecoverable VAT (Note 4)	1,204,610	111,547	1,093,063	-	-	-
Total payments	239,507,967	4,721,993	234,785,974	12,164,212	8,000,000	4,164,212
Intracompany transfers						
Receipts	167,726,175	-	167,726,175	8,000,000	8,000,000	-
Payments	(5,839,348)	(5,839,348)	-	(245,033,660)	-	(245,033,660)
Total receipts less total payments	10,208,519	(1,297,542)	11,506,060	180,816	85	180,730
Cash balances						
HSBC (Note 5)	10,208,519	9,174,114	1,034,405	180,816	86	180,730
Money Markets	-	(10,471,655)	10,471,655	-	-	-
Total Cash	10,208,519	(1,297,541)	11,506,060	180,816	86	180,730

Notes

(1) Funds held on behalf of the Company's subsidiaries.

(2) Includes distributions received from subsidiaries either in settlement of creditor balances or by way of a surplus due to the Company in its capacity as shareholder.

(3) Payments on behalf of subsidiaries include audit fees and professional costs.

(4) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.

(5) The Company's GBP and USD accounts are interest bearing.

(6) Total cash at 8 June 2021 based on exchange rates at 8 June 2021 was £10,336,302

(7) The estimated to realise values of assets in the directors' statement of affairs do not offer a meaningful comparison with the current position and are therefore excluded.

Distributions to unsecured creditors:	GBP	USD
1st dividend of 12.00p in the £, declared on 29 Oct 2013	(55,372,350)	-
2nd dividend of 5.98p in the £, declared on 4 Sep 2014	(27,593,888)	-
3rd dividend of 6.94p in the £, declared on 11 Mar 2015	(30,880,299)	-
4th dividend of 5.6p in the £, declared on 9 Mar 2016	(24,256,382)	-
5th dividend of 1.65p in the £, declared on 9 Sept 2016	(4,006,955)	(4,163,345)
6th dividend of 1.25p in the £, declared on 6 Feb 2017	(5,414,371)	-
7th dividend of 6.06p in the £, declared on 11 Sep 2017	(26,256,130)	-
8th dividend of 5.71p in the £, declared on 20 Mar 2018	(24,732,273)	-
9th dividend of 1.53p in the £, declared on 14 Sep 2018	(6,626,482)	-
10th dividend of 0.92p in the £, declared on 23 Feb 2021	(3,948,989)	-
Total distributions	(209,088,119)	(4,163,345)

Appendix B: Expenses

The following table provides details of the expenses we incurred in the Reporting Period, together with an estimate of our future and total expenses. Expenses are amounts properly payable by us as administrators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an administration expense, other than VAT, because amounts becoming due will depend on the position at the end of the tax accounting period.

The information in the below table should be read together with the receipts and payments account in Appendix A, which shows expenses actually paid during the Reporting Period but which excludes those incurred which have not yet been paid.

In estimating future expenses, assumptions have been made relevant to the annual run rate and the possible duration of the Administration, where appropriate.

Sums have been rounded to the nearest £1,000.

All amounts are in £000s	Incurred in the period under review	Estimated future	Anticipated total
Joint Administrators' remuneration & disbursements	154	1,250	5,608
Legal fees and disbursements	4	973	2,097
Employee wages and associated costs	89	400	1,811
Insurance	-	55	436
Statutory costs	11	21	127
Other	28	40	258
VAT Irrecoverable	39	468	1,705
Total	325	3,208	12,042

Appendix C: Remuneration update

In January 2009, the Administrators requested and received consent from the Company'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.

As at 8 June 2021, the Administrators have drawn remuneration of c.£4.5m plus VAT in respect of time costs incurred to 31 May 2021.

The time cost charges incurred in the Reporting Period, regardless of whether paid and/or invoiced, are £154,017. This amount does not necessarily reflect how much we will eventually draw as fees for this period.

We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

Our hours and average rates:

Classification of work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and Treasury	1.70	1,617	17.00	9,893	41.45	17,885	11.00	2,670	71.15	32,064
Strategy, Planning and Asset Realisations	29.50	25,849	19.00	11,835	5.10	2,295	-	-	53.60	39,979
Creditors and Distributions	0.50	435	5.20	3,250	7.30	3,285	-	-	13.00	6,970
Statutory and Other Compliance	5.10	4,552	32.50	20,151	27.35	12,090	1.50	330	66.45	37,123
Tax and VAT	6.50	9,003	21.85	20,422	14.70	7,602	3.00	855	46.05	37,882
Total for the six month period to 31 May 2021	43.30	41,456	95.55	65,551	95.90	43,157	15.50	3,855	250.25	154,017
Average hourly rate for the six month period to 31 May 2021										615
Cumulative total to 31 May 2021										4,586,412

Note: There may be rounding in this table which makes it appear to not perfectly cast.

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our cashiers, support and secretarial staff is charged separately and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the administration.

BRS & Forensics	Up to 30 June 2020 £	From 1 July 2020 £
Partner	956	985
Director	840	870
Senior Manager	605	625
Manager	525	545
Senior Associate	435	450
Associate/support staff	270	280

We call on colleagues in our Tax department where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Tax	Up to 30 June 2020 £	From 1 July 2020 £
Partner	1385	1385
Director	1275	1275
Senior Manager	975	975
Manager	710	710
Senior Associate	520	520
Associate	285	285

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

Our work in the period to update

Although not an exhaustive list, below we provide more detail on the key areas of work.

Accounting and treasury — £32,064

This is an essential function for the management of funds held by the Administrators on behalf of the Company. The Administrators' treasury and cash management teams monitor and control the movement of funds, mitigate risk and seek to maximise the interest made on investments for the benefit of the Company's creditors.

- Provision of information for the purposes of statutory reporting;
- Arrangement of receipts and payments of funds and coding of movements, including the 10th distribution to creditors;
- Foreign exchange transactions to enable payment of the Clawback settlement;
- Management of funds held on money market investments, including risk mitigation and monthly reporting;
- Monitoring flow of funds into the bank accounts; and
- Reconciling bank accounts.

Strategy and planning — £39,979

The Administrators and their staff have invested a proportion of their time in the planning and delivery of their strategy to progress the administration. The Administrators continue to explore strategies that will enable the Administration to be brought to a conclusion and anticipate the Company will be dissolved after the conclusion of the Administration.

Activities include:

- Consideration of strategy including planning of future distributions to maximise the outcome for ESH's creditors and updating strategy documents;
- Discussion with stakeholders in regard to this strategy;
- Negotiations and settlement of the Clawback litigation;
- Planning and calculating the 10th interim distribution to creditors;
- Ongoing review and maintenance of financial information, including updating the estimated outcome statement;
- Ongoing review of the remaining assets in subsidiary companies and managing these in order to achieve closure of the subsidiary estates;
- Planning for and placing Eldon Street (Jefferson) Ltd into solvent liquidation, including ongoing communications with MVL liquidators;
- Liaising with administrators and liquidators in order to collect balances payable;
- Regular case team meetings to manage case progression; and
- Liaising with specialist internal teams.

Statutory and compliance — £37,127

The following tasks were undertaken in accordance with the Joint Administrators' statutory obligations and/ or internal compliance:

- Preparing and circulating the Administrators' 24th progress report to creditors;
- Dealing with statutory notifications relating to the 10th interim distribution to creditors;
- Generating monthly time cost information in support of the Administrators' remuneration;
- Dealing with statutory filings at Companies House and the Court;
- Preparing the Administrators' internal six-monthly case reviews in accordance with professional requirements;
- Managing and updating communications on ESH's dedicated website, maintaining and managing case files, records and the Company's database; and
- Dealing with other ad-hoc compliance and statutory issues.

Tax and VAT — £37,882

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

- Reconciliation, preparation and submission of the quarterly VAT returns
- Drafting, reviewing and submission of the tax computation and return for 2019;
- Compliance with the Administrators' responsibilities under the Senior Accounting Officer legislation; and
- Preparation for, attendance and follow up to quarterly internal meetings.

Creditors and distributions — £6,970

The following tasks were undertaken for the benefit of the creditors:

- Paying the 10th interim distribution to creditors; and
Responding to creditor enquiries received via the Lehman Affiliate mailbox and updating creditor information.

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

Details of subcontracted work

Certain centralised services are undertaken on behalf of the Company by employees retained by LBIE and LB SF Warehouse Limited for their prior and ongoing knowledge of the Company's affairs. Included in these services are the provision of certain tax and VAT services, claims review services and key staff resources. The benefit to the Company's creditors is through cost savings. This is because the Administrators consider it more efficient that this work is carried out by subcontractors and by the centralisation of services. The costs of such services are recharged to the Company on a time costs basis and are invoiced directly to the estate.

Legal and other professional firms

The Administrators have instructed the following legal professionals to assist with various legal matters arising in the Administration. The selection of individual legal firms is determined by the jurisdiction and nature of the advice being sought, and whether a conflict exists.

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

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services:	<ul style="list-style-type: none"> • Linklaters LLP 	<ul style="list-style-type: none"> • Industry knowledge 	<ul style="list-style-type: none"> • Time costs
Legal services	<ul style="list-style-type: none"> • Brown Rudnick LLP 	<ul style="list-style-type: none"> • Industry knowledge 	<ul style="list-style-type: none"> • Time costs

Appendix D: Estimate of future time costs

The Administrators have set aside a reserve of £1,250k for their future time costs, broadly analysed as follows. The below figures assume that:

- The Administration will not be concluded prior to 30 November 2022, which is when the Administration is currently due to end,
- Time costs relating to compliance and maintenance of the case will be incurred at a similar rate to that incurred in the Reporting Period, and
- There will be further distributions to the Company's creditors.

Classification of work	£000s
Accounting and Treasury	145
Strategy and Planning	400
Statutory and Compliance	270
Tax and VAT	90
Creditors and Distributions	345
Total	1,250

Appendix E: Other information

Court details for the administration:	High Court of Justice, Chancery Division, Companies Court — case 11056 of 2008
Company's registered name:	Eldon Street Holdings Limited
Trading name:	Eldon Street Holdings Limited
Registered number:	04108165
Registered address:	7 More London Riverside, London SE1 2RT
Date of the joint administrators' appointment:	9 December 2008
Joint administrators' names, addresses and contact details:	DA Howell, GE Bruce, R Downs and EJ Macnamara, of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT If you've got any questions, please get in touch with Diane Adebowale, on +44 (0) 7583 5000, or at: uk_lehmanaffiliates@pwc.com .
Investigations and actions	Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.
Extension(s) to the initial period of appointment:	The High Court of Justice has granted seven, successive extensions to the Administration period to: 30 November 2010; 30 November 2011; 30 November 2013; 30 November 2015; 30 November 2018; to 30 November 2020; and to 30 November 2022.



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