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

Joint Administrators' progress  
report for the period 6 May 2016 to 5  
November 2016

1 December 2016

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

## ***Introduction***

This is the 16th progress report prepared by the Joint Administrators (the "Administrators") of Lehman Brothers (PTG) Limited (in Administration) ("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 progress made in the six months to 5 November 2016 (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 so far as possible and agree in principle the claims of all creditors; and
- Continue to manage the investments in LB PTG's subsidiaries to maximise returns to creditors.

## ***Outcome for creditors***

On 24 June 2013, the Court granted the Administrators permission to make distributions to unsecured creditors.

The Administrators have now paid five interim dividends to unsecured creditors with admitted claims. Distributions total c.£60.1m and equate to 34.59 pence in the pound.

The Administrators anticipate that further distributions will be made to unsecured creditors, however the timing and quantum are subject to the receipt of further dividends from LB PTG's debtors.

## ***Extension to the term of office***

On 5 November 2015, the High Court granted the Administrators' application to extend their term of office by a further 24 months to 30 November 2017.

## ***Future reports***

The Administrators will report to creditors again 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.*

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## ***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.

Creditors will recall that the Company's assets fell into three primary categories:

- (i) Debtor balances due from LB PTG's immediate group as well as the wider Lehman Brothers group;
- (ii) directly owned interests in commercial real estate; and
- (iii) investments in subsidiary companies ("the PTG Group").

### ***Administrators' actions to date***

Details of the Administrators' steps to realise LB PTG's key assets are set out below.

#### ***Debtor realisations***

##### ***ESH***

LB PTG has an admitted claim against ESH of £210.6m.

During the reporting period, ESH declared a fifth interim dividend of 1.65 pence in the pound. This was paid to LB PTG in c.£336k and c.\$4.2m (together c.£3.5m). Receipts from ESH now total c.£67.8m.

##### ***Mable Commercial Funding Limited ("Mable")***

LB PTG has an admitted claim against Mable of £3.7k.

The Company has received five dividends totalling 30.53 pence in the pound, which includes 3.43 pence in the pound received during the reporting period.

The quantum and timing of further dividends from ESH and Mable remain uncertain.

### ***Subsidiary investments***

LB PTG has recovered €4.1m from its investments in subsidiaries, of which €102k was received during the reporting period from Initium SRL.

Further distributions are anticipated in due course but it remains unlikely that these will be material.

### ***Tax***

The tax return for the 2015 period end has been submitted and the enquiry window will close on 5 November 2017. The enquiry window for the 2014 period end will close on 31 January 2017.

As outlined in the Administrators' previous report, the UK government announced in its March 2016 budget two reforms to the use of corporation tax loss relief that will apply from April 2017, subject to consultation.

As a result of these reforms, companies with significant brought forward tax losses, may potentially become tax paying entities and sooner than previously forecast.

The Administrators will provide further commentary on the implications of this in future reports as and when the outcome of the consultation is known.

### ***Distributions to creditors***

On 24 October 2011, the Company acting by its Administrators (in conjunction with other affiliates) entered into a settlement agreement with LBHI and certain other affiliates previously subject to Chapter 11 proceedings in the USA in respect of intercompany claims.

The settlement agreement culminated in plans of reorganisation, which became effective on 6 March 2012 following approval from the US court. Pursuant to the agreement, LB PTG agreed LBHI's and Lehman Commercial Paper Inc's claims at \$269.51m and \$0.09m, respectively.

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In the reporting period, the Administrators distributed £4.7m by way of a fifth interim dividend of 2.55 pence in the pound on admitted unsecured claims.

Dividends now total c.£60.1m, equating to recoveries for creditors of 34.59 pence in the pound.

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## *Section 3 Statutory and other information*

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| <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>   | 7 More London Riverside, London, SE1 2RT, United Kingdom  |
| <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:</i>   | The directors of the Company  |
| <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> | The High Court of Justice has granted five successive extensions to the Administration period to: 30 November 2010, 30 November 2011, 30 November 2013, 30 November 2015, and to 30 November 2017.  |

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## ***Section 4 Financial information***

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

An account of the receipts and payments in the Administration for the six months to 5 November 2016 and a cumulative total since commencement of the Administration is set out in Section 5.

### ***Administrators' expenses***

As outlined in the Administrators' previous report, Statement of Insolvency Practice 9 ("SIP9"), was revised with effect from 1 December 2015.

As required by SIP9, set out in Section 6 is a statement of expenses incurred by the Administrators since their appointment, together with an estimate on future expenses.

### ***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.

In accordance with SIP9, the following information has been provided in Section 7 of this report:

(i) an analysis of the Administrators' time costs for the period 1 April to 30 September 2016, together with the cumulative time costs from the date of the Administrators' appointment; and

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

As at 5 November 2016, the Administrators have drawn remuneration of c.£1.7m plus VAT in respect of time costs incurred to 30 September 2016.

### ***Disbursements***

The Administrators 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 our fees.

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

No disbursements were incurred during the reporting period.

Since the commencement of the Administration, Category 1 disbursements totalling £3,406 have been paid. A further £10 remains to be paid.

### ***Creditors' rights***

Creditors have the right to ask for information and challenge an administrator's fees if they believe that they are too high. You can find an explanatory note online at:

<http://www.icaew.com/~media/corporate/files/technical/insolvency/creditors%20guides/a%20creditors%20guide%20to%20administrators%20fees%20010407.ashx>

Creditors can request a paper copy of the above guide by contacting [Lehman.affiliates@uk.pwc.com](mailto:Lehman.affiliates@uk.pwc.com).

# Section 5 Receipts and payments account

|  | Notes | As at<br>5 November 2016<br>GBP (£) | Movement<br>GBP (£) | As at<br>5 May 2016<br>GBP (£) | As at<br>5 November 2016<br>EUR (€) | Movement<br>EUR (€) | As at<br>5 May 2016<br>EUR (€) | As at<br>5 November 2016<br>USD (\$) | Movement<br>USD (\$) | As at<br>5 May 2016<br>USD (\$) |
|--|-------|-------------------------------------|---------------------|--------------------------------|-------------------------------------|---------------------|--------------------------------|--------------------------------------|----------------------|---------------------------------|
| <b>Receipts</b>  | (1)   |                                     |                     |                                |                                     |                     |                                |                                      |                      |                                 |
| Distributions received   |       | 64,998,970                          | 336,012             | 64,662,958                     | 1,004,032                           | 102,000             | 902,032                        | 4,163,345                            | 4,163,345            | -                               |
| Asset realisations   |       | -                                   | -                   | -                              | 3,605,748                           | -                   | 3,605,748                      | -                                    | -                    | -                               |
| Loan from group company  |       | 30                                  | -                   | 30                             | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Sale of tax losses   |       | 51,284                              | -                   | 51,284                         | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Corporation tax refund   | (2)   | -                                   | (13,718)            | 13,718                         | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Net tax function costs recharged                                   | (3)   | 250,125                             | -                   | 250,125                        | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Assets held on trust   |       | 399                                 | -                   | 399                            | -                                   | -                   | -                              | -                                    | -                    | -                               |
| <b>Interest received gross</b>                                     |       | <b>78,774</b>                       | <b>7,726</b>        | <b>71,048</b>                  | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Total receipts   |       | 65,379,582                          | 330,020             | 65,049,562                     | 4,609,780                           | 102,000             | 4,507,780                      | 4,163,345                            | 4,163,345            | -                               |
| <b>Payments</b>  |       |                                     |                     |                                |                                     |                     |                                |                                      |                      |                                 |
| Legal fees   |       | 138,976                             | 7,337               | 131,639                        | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Professional fees  |       | 24,457                              | 2,611               | 21,846                         | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Employee wages and associated costs                                | (4)   | 318,434                             | 6,440               | 311,994                        | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Joint Administrators' remuneration                                 | (3)   | 1,725,824                           | 90,837              | 1,634,987                      | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Joint Administrators' category 1 disbursements                     |       | 3,406                               | -                   | 3,406                          | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Payment for group relief   |       | 342,723                             | -                   | 342,723                        | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Statutory advertising  |       | 52,735                              | 11,387              | 41,348                         | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Insurance  |       | 87,150                              | -                   | 87,150                         | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Pension related legal costs  |       | 97,522                              | -                   | 97,522                         | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Payment on account to HMRC for potential corporation tax liability | (5)   | 300,000                             | -                   | 300,000                        | -                                   | -                   | -                              | -                                    | -                    | -                               |
| IT costs   |       | 5,741                               | -                   | 5,741                          | -                                   | -                   | -                              | -                                    | -                    | -                               |
| VAT irrecoverable  | (6)   | 333,658                             | 21,771              | 311,887                        | -                                   | -                   | -                              | -                                    | -                    | -                               |
| <b>Total payments</b>  |       | <b>3,430,626</b>                    | <b>140,383</b>      | <b>3,290,243</b>               | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Intracompany transfers   |       |                                     |                     |                                |                                     |                     |                                |                                      |                      |                                 |
| Receipt  |       | 3,718,840                           | -                   | 3,718,840                      | -                                   | -                   | -                              | -                                    | -                    | -                               |
| Payment  |       | -                                   | -                   | -                              | (4,507,780)                         | -                   | (4,507,780)                    | -                                    | -                    | -                               |
| <b>Total receipts less total payments</b>                          |       | <b>65,667,796</b>                   | <b>189,637</b>      | <b>65,478,159</b>              | <b>102,000</b>                      | <b>102,000</b>      | -                              | <b>4,163,345</b>                     | <b>4,163,345</b>     | -                               |
| Distributions to unsecured creditors                               |       |                                     |                     |                                |                                     |                     |                                |                                      |                      |                                 |
| 1st dividend of 7.50p in the £, declared in October 2013           | (2)   | (13,717,755)                        | -                   | (13,717,755)                   | -                                   | -                   | -                              | -                                    | -                    | -                               |
| 2nd dividend of 10.42p in the £, declared in September 2014        | (2)   | (19,058,521)                        | -                   | (19,058,521)                   | -                                   | -                   | -                              | -                                    | -                    | -                               |
| 3rd dividend of 7.52p in the £, declared in March 2015             |       | (13,756,814)                        | -                   | (13,756,814)                   | -                                   | -                   | -                              | -                                    | -                    | -                               |
| 4th dividend of 6.60p in the £, declared in March 2016             |       | (12,071,616)                        | -                   | (12,071,616)                   | -                                   | -                   | -                              | -                                    | -                    | -                               |
| 5th dividend of 2.55p in the £, declared in September 2016         | (7)   | (1,524,019)                         | (1,524,019)         | -                              | -                                   | -                   | -                              | (4,163,345)                          | (4,163,345)          | -                               |
| <b>Cash in hand / (movement in year)</b>                           |       | <b>5,539,071</b>                    | <b>(1,334,382)</b>  | <b>6,873,453</b>               | <b>102,000</b>                      | <b>102,000</b>      | -                              | -                                    | -                    | -                               |
| Cash balances  |       |                                     |                     |                                |                                     |                     |                                |                                      |                      |                                 |
| HSBC   | (8)   | 5,539,071                           | (1,334,382)         | 6,873,453                      | 102,000                             | 102,000             | -                              | -                                    | -                    | -                               |
| Money market   |       | -                                   | -                   | -                              | -                                   | -                   | -                              | -                                    | -                    | -                               |
| <b>Total cash</b>  | (9)   | <b>5,539,071</b>                    | <b>(1,334,382)</b>  | <b>6,873,453</b>               | <b>102,000</b>                      | <b>102,000</b>      | -                              | -                                    | -                    | -                               |

## Notes

- (1) All of the Company's assets are uncharged, there being no secured creditors.
- (2) First and second dividends of c.£5.7k and c.£7.9k, respectively were paid to HMRC and were returned in error in a prior period as a corporation tax refund. These dividends have since been reissued to HMRC.
- (3) A prior period adjustment of £1,128 has been made to recategorise a balance in relation to tax function costs as Joint Administrators' remuneration.
- (4) Quarterly recharge to Lehman Brothers International Europe for providing Tax services, benefiting creditors through cost savings from the centralisation of services.
- (5) Payment on account to HMRC 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 by distributions from ESH.
- (6) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.
- (7) The fifth interim dividend of 2.55 pence in the pound was paid to unsecured creditors with the payment made from funds held in Sterling (£1.5m) and US Dollars (\$4.2m).
- (8) GBP funds are held in an interest bearing account. EUR and USD accounts are non interest bearing.
- (9) The estimated to realise values of assets shown in the directors' statement of affairs do not represent a meaningful comparison with the current position and are therefore excluded.



## Section 6 Expenses

The following table provides details of the Administrators' expenses. Expenses are defined as amounts payable by the Administrators from the estate, they include the Administrators' fees but exclude distributions to creditors. The table also excludes any potential tax liabilities that may be payable as an Administration expense, as amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account in Section 5, which shows expenses actually paid during the reporting period and to date.

In estimating future expenses, assumptions have been made relevant to the annual run rate and length of the current period of extension to the Administration, where appropriate.

|  | <b>Brought forward from preceding period<br/>£k</b> | <b>Paid in the period<br/>£k</b> | <b>Cumulative<br/>£k</b> | <b>Incurred and not paid<br/>£k</b> | <b>Estimated future<br/>£k</b> | <b>Anticipated total<br/>£k</b> |
|--|---|----------------------------------|--------------------------|-------------------------------------|--------------------------------|---------------------------------|
| Legal fees   | 132   | 7                                | 139                      | 4                                   | 46                             | 189                             |
| Pension related legal costs                          | 98  | -                                | 98                       | -                                   | -                              | 98                              |
| Employee wages and associated costs                  | 312   | 6                                | 318                      | -                                   | 14                             | 332                             |
| Joint Administrators' remuneration and disbursements | 1,638   | 91                               | 1,729                    | -                                   | 325                            | 2,054                           |
| Other*   | 156   | 14                               | 170                      | -                                   | 16                             | 186                             |
| Irrecoverable VAT                                    | 312   | 22                               | 334                      | -                                   | 78                             | 412                             |
| <b>Total</b>   | <b>2,648</b>  | <b>140</b>                       | <b>2,788</b>             | <b>4</b>                            | <b>479</b>                     | <b>3,271</b>                    |

\*Other costs include statutory advertising for the fifth dividend and professional fees but exclude corporation tax payments totalling £643k.

## *Section 7 Joint Administrators' time costs for the period 1 April 2016 to 30 September 2016*

| Classification of work   | Partner/Director |               | Senior Manager/Manager |               | Senior Associate |               | Associate/Support Staff |               | Total         |                  |
|--|------------------|---------------|------------------------|---------------|------------------|---------------|-------------------------|---------------|---------------|------------------|
|  | Hours            | £             | Hours                  | £             | Hours            | £             | Hours                   | £             | Hours         | £                |
| Accounting and treasury  | -                | -             | 8.25                   | 3,705         | 6.10             | 1,678         | 24.20                   | 5,711         | 38.55         | 11,094           |
| Creditors  | -                | -             | 0.60                   | 266           | 7.85             | 2,147         | 5.85                    | 1,381         | 14.30         | 3,794            |
| Statutory and compliance   | 10.80            | 8,544         | 19.45                  | 8,874         | 31.25            | 8,939         | 37.00                   | 8,732         | 98.50         | 35,089           |
| Strategy and planning  | 15.65            | 12,444        | 12.75                  | 5,694         | 12.55            | 3,456         | 4.15                    | 979           | 45.10         | 22,573           |
| Tax and VAT  | 4.80             | 4,948         | 16.30                  | 9,712         | 15.57            | 6,108         | 6.20                    | 1,154         | 42.87         | 21,922           |
| <b>Total for the period 1 April 2016 to 30 September 2016</b>            | <b>31.25</b>     | <b>25,936</b> | <b>57.35</b>           | <b>28,251</b> | <b>73.32</b>     | <b>22,328</b> | <b>77.40</b>            | <b>17,957</b> | <b>239.32</b> | <b>94,472</b>    |
| <b>Average hourly rate for the six month period to 30 September 2016</b> |                  |               |                        |               |                  |               |                         |               |               | <b>395</b>       |
| <b>Cumulative total to 30 September 2016</b>                             |                  |               |                        |               |                  |               |                         |               |               | <b>1,746,610</b> |

| Current charge out rates | Business Recovery Services | Specialist              |
|--------------------------|----------------------------|-------------------------|
|                          | Max £/hr                   | Max £/hr                |
| <b>Grade</b>             | <b>From 1 July 2015</b>    | <b>From 1 July 2015</b> |
| Partner                  | 899                        | 1,262                   |
| Director                 | 788                        | 1,108                   |
| Senior Manager           | 527                        | 932                     |
| Manager                  | 444                        | 680                     |
| Senior Associate         | 371                        | 505                     |
| Associate/Support Staff  | 236                        | 235                     |

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 minimum unit for time charged by the 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 give an indication of the maximum rate per hour.

Per the agreement with Lehman Brothers International (Europe) ("LBIE")'s creditors' committee, the LBIE charge-out rates were held unchanged from 1 July 2012 to 30 June 2015. An increase of 3% in charge-out rates is effective from 1 July 2015 to 30 June 2017, and in line with other Group affiliates controlled by the Firm's office holders, this approach is also used for LB PTG.

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## ***Summary of the Joint Administrators' time costs for the period 1 April 2016 to 30 September 2016***

### ***Accounting and treasury - £11,094***

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.

Activities include:

- Provision of information for the purposes of statutory reporting;
- Arrangement of receipts and payments of funds and coding of movements;
- Monitoring flow of funds into the bank accounts;
- Reconciliation of bank accounts;
- Dealing with the fifth distribution to creditors in September 2016 and;
- Dealing with catch up distribution.

### ***Creditors - £3,794***

In accordance with their duties, the Administrators have responded to creditors' requests for information where applicable, and paid a fifth unsecured dividend in the reporting period.

Activities include:

- Liaison with creditors regarding their claims;
- Maintaining a schedule of creditors' claims received and adjudicated and;
- Paying a fifth dividend to unsecured creditors, as above.

### ***Statutory and compliance - £35,089***

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

- Preparation of Administrators' 15th progress report, including preparation of a receipts and payments account and detailed remuneration summary;
- Circulating progress report to creditors;
- Undertaking a six monthly review of the Administration;
- Conducting a review of time costs in preparation for billing; and
- Maintaining the case website, case records and database.

### ***Strategy and planning - £22,573***

The Administrators and their staff have invested a large proportion of their time in the planning and delivery of their strategy for the progression of the Administration. The Administrators consider that their actions support their objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).

Asset recoveries in the reporting period exceeded £3.5m, compared to associated costs of £22.5k.

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Activities include:

- Review of the strategy for the Administration in relation to various matters and, regular team meetings to consider case progression;
- Review and maintenance of financial information, including an estimated outcome statement;
- Discussions regarding strategy for the Administration;
- Updating strategy documents;
- Distribution strategy and planning;
- Liaison with specialist teams, including PwC Real Estate; and
- Regular meetings regarding the status of assets.

***Tax and VAT - £21,922***

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

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

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## ***Section 8 Estimated future time costs and other matters***

LB PTG's principal remaining asset is its £210.6m unsecured claim against ESH. The Administrators are still considering the most efficient strategy for realising and distributing the remaining assets to the Company's creditors. In the meantime, the Administrators continue to actively progress all other matters pertaining to the estate.

The Administrators estimate that their future time costs and disbursements to complete the Administration will be c.£325k, broadly analysed as follows:

|                                | <b>£000</b> |
|--------------------------------|-------------|
| Accounting and treasury        | 40          |
| Strategy and planning          | 170         |
| Statutory and other compliance | 25          |
| Tax and VAT                    | 80          |
| Creditors                      | 10          |
| <b>Total</b>                   | <b>325</b>  |

### ***Relationships***

The Administrators have no business or personal relationships with the parties who approve their 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 LB PTG by employees retained by LBIE; this includes the provision of certain Tax and VAT services and key staff resource. The costs of such services are invoiced directly as detailed on the attached receipts and payments account.

### ***Legal and professional firms***

The Administrators have instructed the following legal 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.

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

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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.