

Joint Liquidators' progress report for the period 1 November 2021 to 31 October 2022

Thayer Properties Limited
(in Creditors' Voluntary Liquidation)

20 December 2022

Contents

Section 1: Progress during the reporting period	3
Section 2: Statutory information	6
Section 3: Financial information	7
Section 4: Receipts and payments account	9
Section 5: Liquidators' expenses	10
Section 6: Joint Liquidators' time costs	11
Section 7: Estimated future time costs and other matters	14

Use of report and reliance on data:

This report has been prepared by GE Bruce and EJ Macnamara as Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the liquidation, 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.

Thayer Properties Limited, the Liquidators, their firm, its members, partners, staff and advisers accept no liability to any party for any reliance placed upon this report.

Section 1: Progress during the reporting period

Introduction

This is the eleventh 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 2021 to 31 October 2022 (the “Reporting Period”).

Debtor realisations

Eldon Street Holdings Limited (“ESH”)

The Company’s principal remaining asset is its £204.7m claim against ESH. Cumulative receipts total £98.4m, representing 48.1 pence in the pound. No distributions were received in the Reporting Period.

In our previous update we reminded creditors that further distributions from ESH remained contingent in part upon the outcome of the subordinated debt litigation (**‘Priority Application’**) that was being pursued by Lehman Brothers Holdings Plc (“LBH”) and LB Holdings Intermediate 2 Limited (“LBHI2”), which impacts the further recoveries that ESH might expect to receive from LBH.

We have previously explained the background to the Priority Application and, that in October 2021, the Court of Appeal handed down its Judgment (“the Court of Appeal Judgment”) upholding the earlier High Court decision that LBH’s subordinated debt claim against LBHI2 ranks senior to that of SLP3. We also noted that SLP3 had applied to the Supreme Court for permission to appeal the Court of Appeal Judgment.

On 8 August 2022 the Supreme Court ordered that SLP3’s application for permission to appeal the Court of Appeal Judgment should be refused. The Priority Application has now been finally determined and it has been established that LBH’s subordinated debt claim against LBHI2 ranks senior to that of SLP3.

Copies of the judgments and orders of the High Court, the Court of Appeal and the Supreme Court, together with summaries of them, can be found on the LBH administrators’ website at the address below:

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

The final decision of the Supreme Court has resolved a key matter affecting the timing and quantum of any future ESH recoveries from LBH and therefore, in turn, any future Thayer recoveries from ESH. However future recoveries by LBH from LBHI2 continue to be dependent upon the eventual outcome of Lehman Brothers International (Europe) (“LBIE”) and LBHI2’s sharing arrangements with the Wentworth joint venture parties. These matters have also been described in our previous progress reports.

LBH

In our previous update we explained that Thayer Group Limited (“TGL”), a wholly owned, Jersey-registered subsidiary of the Company, had assigned a claim that it held against LBH to the Company.

The claim against LBH is in respect of an entitlement to receive statutory interest on a debt where the principal amount has been fully repaid. The Company’s remaining statutory interest entitlement is c.£6.0m. No payments were received during the Reporting Period in respect of this statutory interest entitlement and further receipts are contingent upon the matters described above.

Jersey-registered subsidiaries

During the Reporting Period the Company received a final equity distribution of £8.4m from the liquidators of its wholly owned, Jersey-registered subsidiaries, TGL and Thayer Properties (Jersey) Limited (together “The Jersey Subsidiaries”). In total the Company has received £59.3m from the Jersey Subsidiaries. There will be no further distributions and the liquidations of the Jersey Subsidiaries have concluded.

Outcome for Creditors

The Company has no secured or preferential creditors. Unsecured claims totalling c.£392.0m have been admitted for dividend purposes however, creditors may recall that in 2019 the claims of the Jersey subsidiaries were released in order to simplify the circuitous cashflows. The claims of the remaining unsecured creditors total c.£173.0m.

As mentioned above, during this reporting period, the Company received a final distribution from the Jersey Subsidiaries. This enabled the Company to declare a thirteenth interim dividend of 5.3691 pence in the £, equating to a distribution of c.£9.3m to the remaining unsecured creditors.

Total cash distributions of £158.0m have been paid to date, equating to a cumulative dividend of 60.2477 pence in the pound. In view of the matters described above, there remains uncertainty as regards the timing and quantum of further interim distributions from the Company.

Corporation Tax

All corporation tax returns up to and including the year ended 31 October 2020 have been filed and are now past the enquiry window. The return for the year ended 31 October 2021 is in draft and is to be filed with HMRC shortly. The Finance (No.2) Act 2017, which included changes to corporation tax loss relief and interest deductibility, may affect the ongoing utilisation of losses in Thayer and in the wider Lehman group.

The Liquidators have met their obligations under the Senior Accounting Officer legislation and have complied with their obligation to publish the Lehman group Tax Strategy. In addition, the Liquidators have adhered to the UK and US Foreign Account Tax Compliance Act and Common Reporting Standards, and have considered their obligations under the Corporate Criminal Offence rules.

VAT

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.

Liquidators' investigations and action

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 Statement of Insolvency Practice 2.

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 Diane Adebowale on +44 (0) 20 7583 5000.

Signed



GE Bruce
Joint Liquidator
Thayer Properties Limited

GE Bruce and EJ Macnamara 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 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 Joint Liquidators. The data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators.

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>	GE Bruce and EJ Macnamara of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
<i>Change in Liquidator:</i>	<p>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.</p> <p>Upon a further application to the High Court of Justice, an order was made on 2 July 2018 that with effect from 16 July 2018 EJ Macnamara be appointed Liquidator and that AV Lomas and JG Parr cease to be Liquidators of the Company.</p>
<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 8 November 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 2022, the Liquidators have drawn total remuneration of c.£1,481k plus VAT in respect of time costs incurred to 31 October 2022.

Time costs for the twelve months to 31 October 2022 total c.£154k plus VAT, which represents 254 hours at an average hourly rate of £606.

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. Approval is not required for Category 1 expenses.

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 and Category 2 disbursements of £104 and £2 respectively. 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 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%20fees%20final.ashx>

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

Section 4: Receipts and payments account

Receipts and payments account for the period ending 31 October 2022

	As at 31/10/2022	GBP Movements in Period	As at 31/10/2021
Receipts			
Administration surplus	3,236,792	-	3,236,792
Dividends received	162,294,463	8,413,402	153,881,061
Sale of tax losses	535,891	-	535,891
Interest received	180,164	57,336	122,828
Total receipts	166,247,310	8,470,738	157,776,572
Payments			
Legal fees	67,802	-	67,802
Joint Administrators' remuneration	11,814	-	11,814
Joint Liquidators' remuneration	1,481,363	-	1,481,363
Joint Liquidators' Category 1 disbursements	1,998	-	1,998
Employee costs	18,227	-	18,227
Insurance	85	-	85
IT Costs	5,741	-	5,741
Statutory Advertising	99,333	10,899	88,434
Bank charges	-	-	-
Irrecoverable VAT (note 2)	331,699	2,180	329,519
Total payments	2,018,062	13,079	2,004,983
Intercompany transfers (note 5)			
Payment	-	-	-
Receipt	5,715	-	5,715
Total receipts less total payments	164,234,963	8,457,659	155,777,304
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
7th dividend to unsecured creditors of 2.97p in the £, declared 21 Mar 2018	11,646,261	-	11,646,261
8th dividend to unsecured creditors of 0.848p in the £, declared 14 Sep 2018	3,325,491	-	3,325,491
9th dividend to unsecured creditors of 23.391p in the £, declared 13 Sep 2019	40,460,058	-	40,460,058
10th dividend to unsecured creditors of 5.926p in the £, declared 20th March 2020	10,250,000	-	10,250,000
11th dividend to unsecured creditors of 0.0738p in the £, declared 24 February 2021	127,637	-	127,637
12th dividend to unsecured creditors of 0.9658p in the £, declared 16 September 2021	1,670,600	-	1,670,600
13th dividend to unsecured creditors of 5.3691p in the £, declared 10 March 2022	9,287,064	9,287,064	-
Total distributions	157,951,181	9,287,064	148,664,117
Cash in hand/ (movement in year)	6,283,782	(829,405)	7,113,187
Cash balances			
HSBC - current account (note 3)	6,283,782	(829,405)	7,113,187
Total cash	6,283,782	(829,405)	7,113,187

Notes:

- 1) All of the Company's assets are uncharged, there being no secured creditors.
- 2) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.
- 3) Funds at HSBC are held in an interest bearing bank account.
- 4) 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 excluded.
- 5) Intercompany transfers' relates to a previously held US\$ bank account which is now closed.

Section 5: Liquidators' expenses

The information in the table below 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 information in the table below 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 but 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 expected length of the Liquidation.

Sums have been rounded to the nearest £1k.

All amounts are in £000s	Incurred in the period under review	Estimated future	Anticipated total
Legal fees and disbursements	-	200	268
Employee wages and associated costs	-	100	118
Administrators' remuneration and disbursements	-	-	12
Liquidators' remuneration and disbursements	153	450	2,313
Advertising costs	11	33	132
IT costs	-	-	6
Irrecoverable VAT	33	137	468
Total	197	920	3,318

Certain classes of future costs are subject to material uncertainty, which prevents 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.

Section 6 Joint Liquidators' time costs

	Partner / Director		Senior Manager / Manager		Senior Associate		Associate / Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and Treasury	0.40	394	4.90	3,183	4.75	2,093	6.15	1,774	16.20	7,443
Strategy, Planning and Asset Realisations	14.00	12,611	14.70	9,583	18.85	9,175	0.01	-	47.54	31,368
Statutory and Other Compliance	11.35	10,265	43.30	27,693	46.05	21,435	28.66	9,169	129.36	68,560
Creditors	1.35	1,175	9.60	6,000	5.40	2,430	-	-	16.35	9,605
Tax and VAT	12.45	16,743	18.45	14,506	8.10	4,366	6.00	1,710	45.00	37,325
Total for the year 1 November 2021 to 31 October 2022	39.55	41,187	90.95	60,964	83.15	39,498	40.80	12,653	254.45	154,301
Average hourly rate for the year to 31 October 2022										606
Cumulative total to 31 October 2022										1,859,513

Notes:

- (1) The cumulative total refers to the time costs incurred to 31 October 2022, of which £1,483,361 plus VAT has been paid to date. It includes an adjustment following an internal reconciliation.
- (2) Costs of £5,170 were incurred preparing the Liquidators' first progress report in 2013. Although these costs have been reported previously and will continue to be included within the cumulative total, they will not be billed to the Company.
- (3) Time costs are net of VAT.

Cumulative total to 31 October 2022, by classification of work		£
Accounting and Treasury		199,958
Strategy, Planning and Asset Realisations		590,283
Statutory and Other Compliance		438,161
Creditors		162,352
Tax and VAT		468,761
Total		1,859,513

Maximum charge-out rates £/hour

Restructuring & Insolvency Forensics	£/hr
Partner	1,060
Director	975
Senior Manager	775
Manager	625
Senior Associate	510
Associate/support staff	320

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 Data & Technologist	£
Partner	1,385
Director	1,310
Senior Manager	1,060
Manager	775
Senior Associate	570
Associate	315

Summary of the Joint Liquidators' time costs for the twelve months ended 31 October 2022 -

Accounting and Treasury - £7,443

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

- Provision of information for the purposes of statutory reporting;
- Due consideration of best strategy for dealing with cash;
- Arrangement of receipts and payments of funds and coding of movements;
- Reconciliation of bank accounts;
- Verification of creditors' payment details and processing of the thirteenth dividend payment; and
- Monitoring flow of funds into the bank account.

Strategy, Planning and Asset Realisations - £31,368

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

- Consideration of strategy including planning of future distributions to maximise the outcome for the Company's creditors and updating strategy documents;
- Discussion with stakeholders in regard to this strategy;
- Ongoing review and maintenance of financial information, including an estimated outcome statement;
- Review of assets in subsidiary companies and determining strategies to best manage these in order to achieve closure of the subsidiary estates;
- Assisting with subsidiary estates' closure;
- Regular case team meetings to manage case progression; and
- Liaison with specialist internal teams.

Statutory and Other Compliance - £68,560

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

- Preparation and circulation of the Liquidators' tenth annual progress report;
- Preparation of receipts and payments account for progress report to creditors;
- Preparation of detailed remuneration summary;
- Dealing with statutory filings at Companies House;
- Preparation of Liquidators' time costs for billing purposes;
- Update communications on the Company's dedicated website;
- Maintain case files and the Liquidation database;
- Undertake the Liquidators' internal six-monthly case reviews in accordance with professional requirements; and
- Deal with other ad-hoc compliance and statutory issues.

Creditors - £9,605

The following tasks were undertaken for the benefit of creditors:

- Review and update of the estimated outcome statement;
- Prepare and advertise the notice of intended dividend for the thirteenth interim distribution; and
- Calculate and declare the thirteenth interim dividend to unsecured creditors.

Tax and VAT - £35,900

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

- Reconciliation, preparation and submission of the quarterly group VAT returns;
- Preparation of the 2020 corporation tax return;
- Review of tax provision;
- Compliance with the Administrators' responsibilities under Senior Accounting Officer legislation; legislation;
- Ongoing review of the loss position for the Company under new tax legislation; and
- Submission of forms as required under FATCA legislation.

Section 7: Estimated future time costs and other matters

The Liquidators continue to actively seek the most efficient strategy for realising and distributing the remaining assets to the Company's creditors. The Company's principal remaining assets are its unsecured, admitted claim against ESH and its remaining entitlement to statutory interest from LBH. The complexities affecting the Company's future recoveries from ESH and LBH have been outlined earlier in the report.

The Liquidators currently estimate that their future time costs and disbursements to complete the Liquidation will be c.£450k broadly analysed as follows:

Classification of work	£000s
Accounting and Treasury	40
Strategy, Planning and Asset Realisations	160
Statutory and Other Compliance	130
Creditors	40
Tax and VAT	80
Total	450

The above figures assume that:

- Time costs relating to compliance and maintenance of the case will be incurred at a similar rate to those incurred in the Reporting Period; and
- There will be further distributions to unsecured creditors.

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 the Company by employees retained by Lehman Brothers International (Europe) and LB SF Warehouse Ltd for their prior and ongoing knowledge of the Company's affairs. Included in these services are the provision of certain tax and VAT services. The benefit to the Company's creditors is through cost savings. This is because the Liquidators 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. 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.

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.



This document has been prepared solely for the purpose explained on page 2. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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