

Joint Liquidators' progress report for the period 1 November 2019 to 31 October 2020

Thayer Properties Limited
(in Creditors' Voluntary Liquidation)

29 December 2020

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Reliance on data:

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 ninth 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 2019 to 31 October 2020 (the “Reporting Period”).

Debtor realisations

Eldon Street Holdings Limited (“ESH”)

Thayer’s principal remaining asset is its £204.7m claim against ESH. In the Reporting Period, no distributions were received in respect of this claim. Cumulative receipts total £95.6m, representing 46.7 pence in the pound.

Further distributions from ESH remain contingent upon a chain of recoveries which has been described in our previous progress reports. In summary, they depend upon further recoveries that ESH can make from Lehman Brothers Holdings Plc (“LBH”), which in turn depend upon what further recoveries, if any, LBH is able to make from LB Holdings Intermediate 2 Limited (“LBHI2”). The extent of future recoveries by ESH and by LBH is impacted both by the subordinated debt litigation (“Priority Application”) being pursued by LBH in the LBHI2 estate, and by the outcome of the clawback litigation being pursued by LBHI against a number of Lehman UK estates in the United States Bankruptcy Court Southern District of New York (“NY Bankruptcy Court”) (the “Clawback Litigation”), the background to which has been explained in our previous progress reports.

The Priority Application was heard in November 2019 and the Court’s Judgement was handed down on 3 July 2020. Amongst other matters, this judgment 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 a subsequent hearing, SLP3 was granted permission to appeal the ranking of the subordinated debts.

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

[Lehman Brothers Holdings Plc \(in administration\)](#)

In the absence of a consensual settlement of the issues raised by the Priority Application, we understand that it is currently anticipated that the Court of Appeal will hear any appeal in late 2021/early 2022 with judgment due some time thereafter.

In relation to the Clawback Proceedings, LBH’s most recent Progress Report to creditors noted that a motion for summary judgment has been filed with the NY Bankruptcy Court and that a hearing on this motion (and the anticipated cross-motion) will take place in early 2021. LBH’s website will be updated to reflect any important developments.

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.

Mable Commercial Funding Limited (“Mable”)

In the Reporting Period, Mable paid an eleventh interim distribution of c.£0.6k on the Company’s admitted claim of c.£25.1k. Distributions received from Mable to date total c.£21.5k, representing 85.53 pence in the pound.

Lehman Commercial Paper Inc. (“LCPI”)

Thayer’s claim against LCPI was admitted for dividend purposes at c.\$13.3k. In total, distributions of £\$6.5k have been received. LCPI’s Chapter 11 proceedings were closed in April 2020 and there will be no further recoveries.

Jersey-registered subsidiaries

In March 2020 the Company received a further c.£10.4m from its wholly owned, Jersey-registered subsidiaries - Thayer Group Limited and Thayer Properties (Jersey) Limited ("The Jersey Subsidiaries"). The Jersey Subsidiaries were able to distribute to the Company following the receipt of further funds from their own subsidiaries’ ongoing Members Voluntary Liquidation processes. Receipts from the Jersey Subsidiaries now total c.£50.9m, and it is expected that there will be a final distribution to the Company during 2021, although the quantum is currently uncertain.

During the Reporting Period, the Jersey Subsidiaries assigned to the Company claims that they had against Mable and LBH.

Outcome for Creditors

There are no secured or preferential creditors. Unsecured claims totalling c.£392m have been admitted for dividend purposes, however creditors may recall that in 2019 the claims of the Jersey subsidiaries were released. The claims of the remaining unsecured creditors total c.£173m.

In the Reporting Period a tenth interim dividend of 5.926 pence in the £ was declared, resulting in distributions of £10.25m to the remaining unsecured creditors.

In October 2020, the LBH Administrators published an assessment of potential economic outcomes for its own creditors on the basis of the current Court judgment in the Priority Application and based on certain other important assumptions. This document can be found on LBH’s website and shows that in those potential outcomes, the administrators of LBH may be able to pay all of LBH’s unsecured creditors’ statutory interest in full.

Our understanding is that ESH is entitled to further payments of statutory interest from LBH totalling c.£22m. Were ESH to make a recovery of its remaining c.£22m statutory interest entitlements, either in full or in part, this might lead to a further recovery for TPL as ESH’s creditor. The extent of such a recovery would be dependent upon the various matters which affect the ESH estate, as described in its progress report dated 19 June 2020.

In light of the matters described above, it is anticipated that further interim distributions will be declared although the timing and quantum remain uncertain.

Corporation Tax

All corporation tax returns up to and including the year ended 31 October 2018 are now past the enquiry window and are therefore agreed by HMRC.

The return for the year ended 31 October 2019 has been submitted to HMRC and the enquiry window for this will close on 31 October 2021.

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

The following information has been provided in Section 6:

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

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

In line with the creditors' approval, as at 31 October 2020, the Liquidators have drawn total remuneration of £1,407,121 plus VAT in respect of time costs incurred to 30 June 2020.

Time costs for the twelve months to 31 October 2020 total c.£235k plus VAT, which represents 386 hours at an average hourly rate of £608.

Disbursements

The Liquidators are not required to seek approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called Category 2 disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves the Liquidators' fees.

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

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

In the Reporting Period, the Liquidators incurred Category 1 disbursements of £3. These have not yet been paid. No Category 2 disbursements were incurred or paid.

Creditors' rights

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

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

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

Section 4: Receipts and payments account

Receipts and payments account for the period ending 31 October 2020

	As at 31/10/2020	GBP Movements in Period	As at 31/10/2019	As at 31/10/2020	USD Movements in Period	As at 31/10/2019
Receipts						
Administration surplus	3,236,792	-	3,236,792	2,703	-	2,703
Dividends received	146,565,230	10,369,855	136,195,375	-	-	-
Sale of tax losses	535,891	-	535,891	-	-	-
Interest received	120,134	4,139	115,995	58	18	40
Total receipts	150,458,047	10,373,994	140,084,053	9,243	18	9,226
Payments						
Legal fees	67,802	2,410	65,392	-	-	-
Joint Administrators' remuneration	11,814	-	11,814	-	-	-
Joint Liquidators' remuneration & disbursements (note 2)	1,409,119	263,025	1,146,094	-	-	-
Employee costs	18,227	-	18,227	-	-	-
Insurance	85	-	85	-	-	-
IT Costs	5,741	-	5,741	-	-	-
Statutory Advertising	66,641	11,594	55,047	-	-	-
Bank charges	-	-	-	168	8	160
Irrecoverable VAT (note 3)	310,312	55,406	254,906	-	-	-
Total payments	1,889,741	332,435	1,557,306	168	8	160
Intercompany transfers						
Payment	-	-	-	(7,677)	-	(7,677)
Receipt	4,712	-	4,712	-	-	-
Total receipts less total payments	148,573,018	10,041,559	138,531,459	1,398	9	1,389
Distributions to unsecured creditors						
1st dividend of 4.25p in the £, declared 12 Mar 2014	16,664,983	-	16,664,983	-	-	-
2nd dividend of 4.27p in the £, declared 5 Sep 2014	16,743,406	-	16,743,406	-	-	-
3rd dividend of 2.4p in the £, declared 15 Apr 2015	9,410,814	-	9,410,814	-	-	-
4th dividend of 5.2p in the £, declared 10 Mar 2016	20,390,097	-	20,390,097	-	-	-
5th dividend of 1.4p in the £, declared 15 Mar 2017	5,489,641	-	5,489,641	-	-	-
6th dividend of 3.184p in the £, declared 11 Sep 2017	12,485,129	-	12,485,129	-	-	-
7th dividend of 2.97p in the £, declared 21 Mar 2018	11,646,261	-	11,646,261	-	-	-
8th dividend of 0.848p in the £, declared 14 Sep 2018	3,325,491	-	3,325,491	-	-	-
9th dividend of 23.391p in the £, declared 13 Sep 2019	40,460,058	-	40,460,058	-	-	-
10th dividend of 5.926p in the £, declared 20th March 2020	10,250,000	10,250,000	-	-	-	-
Total distributions	146,865,880	10,250,000	136,615,880	-	-	-
Cash in hand/ (movement in year)	1,707,138	(208,441)	1,915,579	1,398	9	1,389
Cash balances						
Money market deposits	-	-	-	-	-	-
HSBC - current account (note 4)	1,707,138	(208,441)	1,915,579	1,398	9	1,389
Total cash	1,707,138	(208,441)	1,915,579	1,398	9	1,389

Notes:

- 1) All of the Company's assets are uncharged, there being no secured creditors.
- 2) The Joint Liquidators have drawn £261.8k plus VAT in respect of costs incurred between 1 August 2019 and 30 June 2020.
- 3) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.
- 4) Funds at HSBC are held in an interest bearing bank account.

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	1	236	304
Employee wages and associated costs	-	152	170
Administrators' remuneration and disbursements	-	-	12
Liquidators' remuneration and disbursements	235	500	1,983
Advertising costs	12	24	91
IT costs	-	-	6
Irrecoverable VAT	50	152	478
Total	248	1,064	3,044

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

Section 6 Joint Liquidators' time costs

Classification of work	Partner / Director		Senior Manager / Manager		Senior Associate		Associate / Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and Treasury	-	-	12.45	7,135	18.35	7,655	8.70	1,866	39.50	16,656
Strategy, Planning and Asset Realisations	20.80	17,745	43.80	26,715	8.05	3,542	-	-	72.65	48,002
Statutory and Other Compliance	7.30	6,231	27.95	17,006	68.85	30,134	-	-	104.10	53,370
Creditors	-	-	28.00	16,940	15.85	6,895	-	-	43.85	23,835
Tax and VAT	25.70	34,395	40.65	31,697	49.10	24,457	10.70	2,561	126.15	93,109
Total for the year 1 November 2019 to 31 October 2020	53.80	58,370	152.85	99,493	160.20	72,683	19.40	4,427	386.25	234,972
Average hourly rate for the year to 31 October 2020										608
Cumulative total to 31 October 2020										1,478,094

Notes:

(1) The cumulative total refers to the time costs incurred to 31 October 2020, of which £1,407,121 plus VAT has been paid to date.

(2) Time costs are net of VAT.

Grade	Maximum charge-out rates £/hr:	
	Business Recovery Services	
	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

Grade	Maximum charge-out rates £/hr:	
	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/Support Staff	285	285

Summary of the Joint Liquidators' time costs for the twelve months ended 31 October 2020

Accounting and Treasury - £16,656

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;
- Verify creditor payment details and process ninth dividend payment; and
- Monitor flow of funds into the bank accounts.

Strategy, Planning and Asset Realisations - £48,002

The Liquidators and their staff have invested a large 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;
- Monitoring the liquidation of and recovery from subsidiaries' own investments and projecting the impact for the Company;
- Reviewing documentation in relation to claims assigned from the Jersey Subsidiaries;
- Regular case team meetings to manage case progression; and
- Liaison with specialist internal teams.

Statutory and Other Compliance - £53,370

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

- Preparation and circulation of the Liquidators' eight 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 - £23,835

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 tenth interim distribution; and
- Calculate and declare the tenth interim dividend to unsecured creditors.

Tax and VAT - £93,109

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 and submission of the 2019 corporation tax return;
- Review of tax provision;
- Compliance with the Administrators' responsibilities under Senior Accounting Officer legislation including submission of 2019 certificate and notification, Tax Strategy and Corporate Criminal Offence legislation;
- 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 Thayer's creditors. Thayer's principal remaining asset is its unsecured admitted claim against ESH, and the complexities affecting Thayer's recovery from ESH have been outlined earlier in the report. In the meantime, the Liquidators continue to progress all other matters in relation to the estate.

The Liquidators currently estimate that their future time costs and disbursements to complete the Liquidation will be c.£500k broadly analysed as follows:

Classification of work	£000s
Accounting and Treasury	50
Strategy, Planning and Asset Realisations	200
Statutory and Other Compliance	100
Creditors	50
Tax and VAT	100
Total	500

The above figures assume that:

- 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 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 and key staff resource. 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 Thayer 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.