



Thayer Properties Limited
(In Creditors' Voluntary Liquidation)

**Liquidators' progress report to members and
creditors for the year ended 31 October 2016**

22 December 2016

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1. Liquidators' progress report to members and creditors for the year ended 31 October 2016

Definitions used in this report

| Definition used | Term |
|-------------------------------|---|
| the Company / Thayer | Thayer Properties Limited - in Liquidation |
| reporting period | 1 November 2015 to 31 October 2016 |
| the Liquidators / we / our | Anthony Victor Lomas, Gillian Eleanor Bruce and Julian Guy Parr |
| IR86 | Insolvency Rules 1986 |
| IA86 | Insolvency Act 1986 |
| ICAEW | Institute of Chartered Accountants in England and Wales |
| LBIE | Lehman Brothers International (Europe) - in Administration |
| ESH | Eldon Street Holdings Limited - in Administration |
| LCPI | Lehman Commercial Paper Inc. |
| Mable | Mable Commercial Funding Limited - in Administration |
| LBL | Lehman Brothers Limited - in Administration |
| LBBL | Lehman Brothers Bankhaus London AG |
| SIP2 | Statement of Insolvency Practice 2 (Investigations by office holders into administrations and insolvent liquidations and the submission of conduct reports by office holders) |
| SIP9 | Statement of Insolvency Practice 9 (Payments to insolvency office holders and their associates) |

1. Liquidators' progress report to members and creditors for the year ended 31 October 2016

Introduction

In accordance with Rule 4.49C IR86, this is the Liquidators' fifth progress report to members and all known creditors of the Company.

Asset realisations

The following debtor recoveries were made during the reporting period:

- ESH:

Creditors will recall that the Company's claim against ESH was admitted for dividend purposes at £204.7m. In each of March and September 2016, ESH paid to Thayer interim distributions of 5.65 and 1.65 pence in the £ totalling £11.4m and £3.4m, respectively. Distributions received from ESH to date total £65.9m representing 32.13 pence in the £.

- LCPI:

Thayer's claim against LCPI was admitted for dividend purposes at \$13.3k. During the reporting period, the Company received a ninth distribution, which brings total recoveries to \$5.9k.

- Mable:

On 7 June 2016, Mable paid a fifth interim distribution of £864 representing 3.43 pence in the £ on the Company's admitted claim of £25.1k. The Company has now received £7.7k from Mable.

- LBBL:

As advised previously, the Liquidators had been trying to reach an agreement with LBBL in respect of Thayer's claim of €73k. In the reporting period, agreement was reached and Thayer's claim was admitted at £43k. Initial distributions of £31k were received in the reporting report.

Assets still to be realised

The Company's remaining assets are future receivables from its admitted claims against ESH, LCPI, Mable and LBBL.

Further distributions are likely, but the quantum and timing are uncertain.

Outcome for Creditors

There are no secured or preferential creditors.

The directors' statement of affairs in the preceding Administration estimated unsecured creditor claims against the Company of \$400,920,907. To date, claims totalling £392,117,245 have been admitted for dividend.

1. Liquidators' progress report to members and creditors for the year ended 31 October 2016

On 10 March 2016, the Liquidators of Thayer declared and paid a fourth interim dividend of 5.2 pence in the £ to unsecured creditors. Total distributions of £63.2m have now been paid, which equates to 16.12 pence in the pound.

It is anticipated that further dividends will be paid to the Company's unsecured non-preferential creditors in early 2017.

Investigations

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

Receipts and payments account

An account of the receipts and payments for the 12 months to 31 October 2016, together with cumulative transactions since the commencement of the Liquidation as set out in Section 3.

Liquidators' expenses

SIP9 was revised with effect from 1 December 2015. As required by SIP9, a statement of expenses that the Liquidators incurred since their appointment, together with an estimate of future expenses is set out in Section 4.

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 under Rule 2.106 IR86 by reference to time properly given by the Administrators' and their staff in attending to matters arising. In accordance with Rule 4.127 IR86, the remuneration basis agreed in the Administration has continued in the Liquidation.

In the period 1 November 2015 to 31 October 2016, the Liquidators incurred time costs of £199,164. This represents 442 hours at an average hourly rate of £451. During the reporting period, remuneration of £185,058 plus VAT was drawn in respect of the Liquidators' time costs from 1 October 2015 to 31 August 2016. Remuneration drawn to date totals £450,947 plus VAT.

An estimate of the Liquidators' future time costs is set out in Section 6.

Liquidators' 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, and 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 must be approved by the same party who approves the Liquidators' fees.

1. Liquidators' progress report to members and creditors for the year ended 31 October 2016

Category 1 disbursements are expenses paid for services provided by third parties. To date, the Liquidators have incurred category 1 disbursements of £1,562 of which £839 has been paid. No Category 2 disbursements have been incurred in the Liquidation to date.

Creditors' rights

Creditors have the right to ask for information and challenge a liquidator's fees if they believe that they are too high. An explanatory note can be found at the following website:

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

A paper copy can be obtained free of charge by emailing lehman.affiliates@uk.pwc.com.

Pursuant to Rule 4.49E of the IR86, any request for further information in respect of the Liquidators' remuneration or disbursements should be made in writing to 7 More London Riverside, London, SE1 2RT.

Any creditor who requires further explanation in relation to any aspect of the Liquidators' progress report may telephone Carly Barrington on +44 (0)20 7213 3387.

Next report and enquiries

The Liquidators will circulate their next report 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 Carly Barrington on +44 (0)20 7213 3387.



Signed.....

GE Bruce
Joint Liquidator

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

The joint liquidators are bound by the Insolvency Code of Ethics which can be found at:
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.

The joint liquidators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the liquidation.

2. Schedule of statutory information

| | |
|---------------------------------------|---|
| Name of Company: | Thayer Properties Limited |
| Registered number: | 04108259 |
| Registered office: | 7 More London Riverside, London, SE1 2RT |
| Former Company name: | Bindford Limited |
| Names and address of the Liquidators: | Anthony Victor Lomas, Gillian Eleanor Bruce and Julian Guy Parr PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT |
| Date of Liquidators' appointment: | 1 November 2012 |
| Change in Liquidator: | 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. |
| Dates of preceding Administration: | 20 July 2010 to 31 October 2012 |

3. Receipts and payments account

| | As at 31 October 2016 GBP (£) | Movement in the period GBP (£) | As at 31 October 2015 GBP (£) | As at 31 October 2016 USD (\$) | Movement in the period USD (\$) | As at 31 October 2015 USD (\$) |
|---|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| (1) | | | | | | |
| (2) | | | | | | |
| Receipts | | | | | | |
| Administration surplus | 3,236,792 | - | 3,236,792 | 2,703 | - | 2,703 |
| Dividends received: | - | - | - | - | - | - |
| ESH | 65,869,104 | 14,845,762 | 51,023,342 | - | - | - |
| LBIE | 16,182 | - | 16,182 | - | - | - |
| LBBL | 31,060 | 31,060 | - | - | - | - |
| LCPI | - | - | - | 5,914 | 267 | 5,647 |
| Mable | 7,687 | 864 | 6,823 | - | - | - |
| Sale of tax losses | 535,891 | - | 535,891 | - | - | - |
| Interest received | 89,060 | 18,673 | 70,387 | - | - | - |
| Total receipts | 69,785,776 | 14,896,359 | 54,889,417 | 8,617 | 267 | 8,350 |
| Payments | | | | | | |
| Legal fees | 46,131 | 27,365 | 18,766 | - | - | - |
| Joint Administrators' remuneration | 11,814 | - | 11,814 | - | - | - |
| Joint Liquidators' remuneration | 450,947 | 185,058 | 265,889 | - | - | - |
| Joint Liquidators' Category 1 disbursements | 839 | 839 | - | - | - | - |
| Employee costs | 10,700 | 5,000 | 5,700 | - | - | - |
| Insurance | 85 | 85 | - | - | - | - |
| IT Costs | 5,741 | - | 5,741 | - | - | - |
| Statutory Advertising | 6,317 | 6,014 | 303 | - | - | - |
| Bank charges | - | - | - | 115 | 45 | 70 |
| Irrecoverable VAT | 102,446 | 43,855 | 58,591 | - | - | - |
| Total payments | 635,020 | 268,216 | 366,804 | 115 | 45 | 70 |
| Intercompany transfers | | | | | | |
| Payment | - | - | - | (7,677) | - | (7,677) |
| Receipt | 4,712 | - | 4,712 | - | - | - |
| Total receipts less total payments | 69,155,468 | 14,628,143 | 54,527,325 | 825 | 222 | 603 |
| Distributions to unsecured creditors | | | | | | |
| 1st dividend, declared in March 2014 | 16,664,983 | - | 16,664,983 | - | - | - |
| 2nd dividend, declared in September 2014 | 16,743,406 | - | 16,743,406 | - | - | - |
| 3rd dividend, declared in April 2015 | 9,410,814 | - | 9,410,814 | - | - | - |
| 4th dividend, declared in March 2016 | 20,390,097 | 20,390,097 | - | - | - | - |
| Total distributions | 63,209,300 | 20,390,097 | 42,819,203 | - | - | - |
| Net Position | 5,946,168 | (5,761,954) | 11,708,122 | 825 | 222 | 603 |
| Cash balances | | | | | | |
| Money markets | - | (10,707,000) | 10,707,000 | - | - | - |
| HSBC - current account | 5,946,168 | 4,945,046 | 1,001,122 | 825 | 222 | 603 |
| Total cash | 5,946,168 | (5,761,954) | 11,708,122 | 825 | 222 | 603 |

Note:

- 1) All of the Company's assets are uncharged, there being no secured creditors.
- 2) 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
- 3) Joint Administrators' remuneration of £11,814, incorrectly disclosed as Joint Liquidators' remuneration in a previous report, has been paid in the Liquidation. An adjustment has been made to a prior period accordingly.
- 4) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.
- 5) The Joint Liquidators have drawn £185,058 + VAT in respect of costs incurred between 1 September 2015 and 31 August 2016.
- 6) Funds at HSBC are held in an interest bearing bank account.

4. Liquidators' expenses

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 that may be payable as a Liquidation 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, which shows the expenses actually paid during the period and the total paid to date. In estimating expenses, where appropriate, assumptions have been made relevant to the annual run rate of Liquidators' time costs and the forecast closure date.

| | Brought forward from preceding period £k | Paid in the period £k | Cumulative £k | Incurred and not paid £k | Estimated future £k | Anticipated total £k |
|--|---|----------------------------------|--------------------------|-------------------------------------|--------------------------------|---------------------------------|
| Legal fees | 19 | 27 | 46 | 2 | 150 | 198 |
| Employee wages and associated costs | 6 | 6 | 12 | - | 100 | 112 |
| Administrators' remuneration and disbursements | 12 | - | 12 | - | - | 12 |
| Liquidators' remuneration and disbursements | 266 | 186 | 452 | 37 | 620 | 1,109 |
| Advertising costs | - | 6 | 6 | - | 50 | 56 |
| IT costs | 6 | - | 6 | - | - | 6 |
| Irrecoverable VAT | 58 | 44 | 102 | - | 124 | 226 |
| Total | 367 | 269 | 636 | 39 | 1,044 | 1,719 |

5. Information in support of the Liquidators' time costs to 31 October 2016

Charging and disbursements policy

The time charged to the Liquidation is by reference to the time properly given by the Liquidators and their staff in attending to matters arising.

It is the Liquidators' policy to delegate tasks in the Liquidation to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the Liquidators themselves.

There has been no allocation of any general costs or overhead costs. Specialist departments within the Liquidators' firm such as Tax and VAT are also used where their expert advice is required.

5. Information in support of the Liquidators' time costs to 31 October 2016

Liquidators' time costs for the period 1 November 2015 to 31 October 2016 (including cumulative total from the date of appointment):

| Classification of work | Partner/Director | | Senior Manager/Manager | | Senior Associate | | Associate/Support Staff | | Total hours | |
|--|------------------|---------------|------------------------|---------------|------------------|---------------|-------------------------|---------------|---------------|----------------|
| | Hours | £ | Hours | £ | Hours | £ | Hours | £ | Hours | £ |
| Asset Realisations | 27.70 | 21,828 | 23.50 | 12,385 | - | - | - | - | 51.20 | 34,213 |
| Accounting and Treasury | 0.40 | 315 | 5.25 | 2,331 | 12.85 | 3,582 | 24.00 | 5,624 | 42.50 | 11,852 |
| Strategy and Planning | 31.80 | 25,058 | 51.50 | 24,425 | 17.75 | 5,140 | 4.10 | 968 | 105.15 | 55,591 |
| Statutory and Compliance | 10.65 | 8,414 | 18.50 | 8,831 | 79.00 | 22,624 | 35.26 | 7,702 | 143.41 | 47,571 |
| Tax and VAT | 18.40 | 18,994 | 29.05 | 16,942 | 36.10 | 10,765 | 16.05 | 3,166 | 99.60 | 49,867 |
| LBIE Recharges | - | 3 | - | 2 | 0.18 | 65 | - | - | 0.18 | 70 |
| Grand total for the period 1 November 2015 to 31 October 2016 | 88.95 | 74,612 | 127.80 | 64,916 | 145.88 | 42,176 | 79.41 | 17,460 | 442.04 | 199,164 |
| Average hourly rate for the six month period to 31 October 2016 | | | | | | | | | | 451 |
| Cumulative total to 31 October 2016 | | | | | | | | | | 487,464 |

| Current charge out rates | Business Recovery Services | Specialist |
|--------------------------|------------------------------|------------------------------|
| | Max £/hr From 1 July 2015 | Max £/hr From 1 July 2015 |
| Grade | | |
| 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 Liquidators' remuneration has been fixed by reference to the time properly given by the Liquidators and their staff in attending to matters arising in the Liquidation. The minimum unit for time charged is 0.05 of an hour.

Specialist departments within PwC, 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 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 PwC's office holders, this approach is also used for Thayer.

5. Information in support of the Liquidators' time costs to 31 October 2016

Summary of the Liquidators' activities

Asset realisations - £34,213

- The Liquidators are investigating a potential realisation of assets in a group of subsidiaries based in Jersey. The subsidiary companies are in also Liquidation. Discussions with the incumbent Liquidators of these subsidiary companies are ongoing.
- In depth discussions and various meetings with LBBL regarding the Company's disputed claim.

Accounting and treasury - £11,852

- Arranging receipts and payments of funds and coding of movements;
- Monitoring flow of funds into bank accounts;
- Dealing with compliance matters relating to funds;
- Dealing funds on the money market and inputting deals;
- Reconciling bank accounts for the purposes of statutory reporting; and
- Processing payments of fourth dividend to unsecured non-preferential creditors.

Strategy and planning - £55,591

- Discussions regarding strategy for the Liquidation;
- Preparing for a fourth interim distribution to unsecured non-preferential creditors;
- Review of financial information including updating the estimated outcome statement;
- Updating strategy documents; and

Statutory and compliance – £47,571

- Preparing fourth report on the progress of the Liquidation;
- Circulating progress report to creditors;
- Statutory filings at Companies House and Court;
- Preparing receipts and payments account;

5. Information in support of the Liquidators' time costs to 31 October 2016

- Preparing detailed remuneration summary;
- Preparation of six monthly internal case review for the Liquidators; and
- Managing the Thayer database and website.

Tax and VAT – £49,867

- Corporation tax compliance;
- Meetings and discussions with the tax team;
- Review of tax provisions and strategy;
- Dealing with tax and VAT queries; and
- Preparation of VAT returns.

LBIE recharges - £70

- This is an apportionment of the costs incurred by LBIE associated with the administration companies. This time was incurred prior to the invoicing of services as detailed on the next page.

6. Estimated future costs and other matters

The Liquidators continue to actively progress all matters pertaining to the estate. This includes collecting dividends and distributing funds to unsecured creditors, whenever it is cost effective to do so.

The Liquidators estimate that their future time costs to complete the Liquidation will be c. £620k, broadly analysed as follows:

| | £000 |
|--------------------------------|-------------|
| Accounting and treasury | 50 |
| Strategy and planning | 230 |
| Creditors and distributions | 120 |
| Statutory and other compliance | 160 |
| Tax and VAT | 60 |
| Total | 620 |

Details of subcontracted work

Certain centralised services are undertaken on behalf of Thayer by employees retained by LBIE and LB SF Warehouse Limited; this includes the provision of certain Tax services and key staff resource. The costs of such services are now invoiced direct and shown on the receipts and payments account. The Liquidators consider that it is more efficient for this work to be undertaken by subcontractors rather than to do the work themselves.

| Service provided | Name of firm / organisation | Reason selected | Basis of fees |
|---------------------------|------------------------------------|----------------------------|----------------------|
| Tax Services | LBIE | Prior / Industry knowledge | Time costs |
| Loan Portfolio Management | LB SF Warehouse Limited | Prior / Industry knowledge | Time costs |

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.

Professional advisers

For ongoing matters, the Liquidators have retained the professional advisers that were engaged in the Administration, as shown below:

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

The Liquidators' choice is based upon their perception of the advisers' experience and ability to perform this type of work, their knowledge of the complexity and nature of the assignment and the basis of the fee arrangement with them. The Liquidators continue to review the fees charged and remain satisfied that they are reasonable in the circumstances of this case.