

# AM10

## Notice of administrator's progress report

FRIDAY



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02/06/2017

#236

COMPANIES HOUSE

### 1 Company details

Company number 0 4 1 0 8 1 5 7

Company name in full Lehman Brothers (PTG) Limited /

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Gillian Eleanor

Surname Bruce

### 3 Administrator's address

Building name/number PricewaterhouseCoopers LLP

Street 7 More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

### 4 Administrator's name

Full forename(s) Derek Anthony

Surname Howell

Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address

Building name/number PricewaterhouseCoopers LLP

Street 7 More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

Other administrator  
Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	d 0 d 6	m 1 m 1	y 2 y 0 y 1 y 6
To date	d 0 d 5	m 0 m 5	y 2 y 0 y 1 y 7

### 7 Progress report

☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X

*[Handwritten Signature]*

X

Signature date

d 3 d 0	m 0 m 5	y 2 y 0 y 1 y 7
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# AM10

## Notice of administrator's progress report



### Presenter information

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Contact name  
Bryony Ball

Company name  
PricewaterhouseCoopers LLP

Address  
7 More London Riverside

Post town  
London

County/Region

Postcode  
S E 1 2 R T

Country  
United Kingdom

DX

Telephone  
020 72133731



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- ☒ The company name and number match the information held on the public Register.
- ☒ You have attached the required documents.
- ☒ You have signed the form.



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Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



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## Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**  
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①  
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**  
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.  
  
All fields are mandatory unless specified or indicated by \*

### 1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:  
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- CVA1, CVA3, CVA4  
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25  
- REC1, REC2, REC3  
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15  
- COM1, COM2, COM3, COM4  
- NDISC

### 2 Insolvency practitioner's name

Full forename(s) Anthony Victor  
Surname Lomas

### 3 Insolvency practitioner's address

Building name/number PricewaterhouseCoopers LLP  
Street 7 More London Riverside  
Post town London  
County/Region  
Postcode S E 1 2 R T  
Country United Kingdom

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- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

## 2 Insolvency practitioner's name

Full forename(s) Steven Anthony  
Surname Pearson

## 3 Insolvency practitioner's address

Building name/number PricewaterhouseCoopers LLP  
Street 7 More London Riverside  
Post town London  
County/Region  
Postcode S E 1 2 R T  
Country United Kingdom

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 - LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15  
 - COM1, COM2, COM3, COM4  
 - NDISC

### 2 Insolvency practitioner's name

Full forename(s) Julian Guy

Surname Parr

### 3 Insolvency practitioner's address

Building name/number PricewaterhouseCoopers LLP

Street 7 More London Riverside

Post town London

County/Region

Postcode S E 1 2 R T

Country United Kingdom

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

Joint Administrators' progress  
report for the period 6 November  
2016 to 5 May 2017

31 May 2017

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

## **Introduction**

This is the 17th 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 May 2017 (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.

To date, six interim dividends have been declared and paid on admitted unsecured claims, which total £182.9m.

The Administrators anticipate that further distributions will be made to unsecured creditors. The timing and quantum remain subject to the receipt of further dividends from LB PTG's debtors. Further details can be found in Section 2.

## **Term of office**

The Administration is presently due to end on 30 November 2017. So that the Administrators can continue to realise LB PTG's assets and make distributions to its creditors, the Administrators will be making an application to court early autumn 2017 for a further extension to their term of office.

## **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. The Joint Administrators 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.

In the reporting period, ESH declared and paid a sixth interim dividend of £2.6m representing 1.25 pence in the pound. Cumulative receipts from ESH now total c.£70.8m.

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

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

The Company has received six dividends totalling 31.88 pence in the pound, which includes a distribution of 1.35 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 €4.6m from its investments in subsidiaries, including the sale of Italian real estate assets. In the reporting period, LB PTG received a final shareholder distribution from Continuum SRL of €37.4k.

Future distributions are expected from LB PTG's subsidiary in due course.

### ***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.

In the reporting period, the Administrators distributed £6.4m by way of a sixth interim dividend of 3.48 pence in the pound on admitted unsecured claims.

Dividends now total c.£69.6m, equating to recoveries for creditors of 38.07 pence in the pound.

### ***Corporation Tax***

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

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The 2016 tax return is due to be submitted to HM Revenue & Customs ("HMRC") by November 2017.

### ***2017 Finance Bill***

The 2017 Finance Bill published by the UK government on 20 March 2017, included legislation in respect of changes to the use of corporation tax loss relief that was expected apply from April 2017. However as a result of the forthcoming general election, the Finance Bill has been truncated and measures relating to corporation tax relief have been omitted. It will be a matter for the post-election government to determine the extent to which the provisions will be applied in a new Finance Bill.

The Administrators will provide further commentary on the implications of corporation tax reforms in future reports as and when there is more clarity.

### ***Investigations and actions***

Nothing has come to the Administrators' attention in the course of the Administration or during the reporting period to suggest that any further work is required in accordance with the Administrators' duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice 2.

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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/Applicator's names and addresses:</i>	The directors of the Company, 7 More London Riverside, London, SE1 2RT
<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 for the six months to 5 May 2017 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.

(i) an analysis of the Administrators' time costs for the period 1 October 2016 to 31 March 2017, 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 May 2017, the Administrators have drawn remuneration of c.£1.8m plus VAT in respect of time costs incurred to 31 January 2017.

### **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.

Category 1 disbursements (which comprise payments to third parties) totalling £3,406 have been paid since the Administration commenced.

### **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	GBP Movements in Period	05-May-17	05-Nov-16	05-May-17	EUR Movements in Period	05-Nov-16	05-May-17	USD Movements in Period	05-Nov-16
<b>Receipts</b>										
Distributions received	1		67,632,201	64,998,970	1,004,032	-	1,004,032	4,163,345	-	4,163,345
Asset realisations	2		-	-	3,643,180	37,432	3,680,748	-	-	-
Loan from group company			30	30	-	-	-	-	-	-
Sale of tax losses			51,284	51,284	-	-	-	-	-	-
VAT refunds repaid to Lehman Brothers Limited			-	-	-	-	-	-	-	-
Corporation tax refund	3		-	-	-	-	-	-	-	-
Net tax function costs recharged	4		249,930	249,930	-	-	-	-	-	-
Assets held on trust			399	399	-	-	-	-	-	-
Interest received gross			81,285	78,274	-	-	-	-	-	-
<b>Total receipts</b>			<b>68,015,129</b>	<b>65,379,397</b>	<b>4,647,212</b>	<b>37,432</b>	<b>4,609,780</b>	<b>4,163,345</b>	<b>14</b>	<b>4,163,345</b>
<b>Payments</b>										
Legal fees			164,654	138,976	-	-	-	-	-	-
Professional fees			24,457	24,457	-	-	-	-	-	-
Employee wages and associated costs	5		355,915	318,434	-	-	-	-	-	-
Joint Administrators' remuneration	4		1,843,536	1,725,929	-	-	-	-	-	-
Joint Administrators' category 1 disbursements			3,406	3,406	-	-	-	-	-	-
Payment for group relief			342,723	342,723	-	-	-	-	-	-
Statutory advertising			83,743	83,735	-	-	-	-	-	-
Insurance			87,159	87,159	-	-	-	-	-	-
Business related legal costs			97,522	97,522	-	-	-	-	-	-
Payment on account to HMRC for potential corporation tax liability	6		309,000	309,000	-	-	-	-	-	-
IT costs			5741	5741	-	-	-	-	-	-
VAT irrecoverable	7		365,119	333,058	-	-	-	-	-	-
<b>Bank charges</b>			-	-	-	-	-	-	-	-
<b>Total payments</b>			<b>2,554,066</b>	<b>2,430,431</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Inter-company transfers</b>										
Receipt			3,718,840	3,718,840	-	-	-	-	-	-
Payment			-	-	(4,507,780)	-	(4,507,780)	-	-	-
<b>Total receipts less total payments</b>			<b>65,461,063</b>	<b>62,948,966</b>	<b>139,457</b>	<b>37,437</b>	<b>102,000</b>	<b>4,163,345</b>	<b>14</b>	<b>4,163,345</b>
<b>Distributions to unsecured creditors</b>										
1st dividend of 7.50p in the £, declared 29 October 2013	3		(13,717,755)	(13,717,755)	-	-	-	-	-	-
2nd dividend of 10.42p in the £, declared 5 September 2014	3		(19,058,521)	(19,058,521)	-	-	-	-	-	-
3rd dividend of 7.50p in the £, declared 11 March 2015			(13,756,814)	(13,756,814)	-	-	-	-	-	-
4th dividend of 6.60p in the £, declared 10 March 2016			(12,071,616)	(12,071,616)	-	-	-	-	-	-
5th dividend of 2.50p in the £, declared 9 September 2016	8		(1,524,019)	(1,524,019)	-	-	-	(4,163,345)	-	(4,163,345)
6th dividend of 3.486p in the £, declared 16 March 2017			(6,378,989)	(6,378,989)	-	-	-	-	-	-
<b>Cash in hand / (movement in year)</b>			<b>1,592,189</b>	<b>5,539,071</b>	<b>139,457</b>	<b>37,437</b>	<b>102,000</b>	<b>14</b>	<b>14</b>	<b>-</b>
<b>Cash balances</b>										
HSBC	9		1,592,189	5,539,071	139,427	-	102,000	14	-	-
Money market			-	-	-	-	-	-	-	-
<b>Total cash</b>	<b>10</b>		<b>1,592,189</b>	<b>5,539,071</b>	<b>139,427</b>	<b>37,437</b>	<b>102,000</b>	<b>14</b>	<b>14</b>	<b>-</b>

## Notes

- (1) All of the Company's assets are uncharged, there being no secured creditors.
- (2) Final shareholder distribution of £0.3741 from Continuum SRL (in liquidation) which relates to LB PTO's investment in an Italian subsidiary.
- (3) First and second dividends of £5.75 and £7.96, respectively, were paid to HMRC and were returned in error in a prior period as a corporation tax refund. These dividends have since been released to HMRC.
- (4) A prior period adjustment of £1.128 has been made to reclassify a balance in relation to tax function costs as Joint Administrators' remuneration.
- (5) Quarterly recharges to Lehman Brothers International (Europe) for providing Tax services, benefiting creditors through cost savings from the centralisation of services.
- (6) 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.
- (7) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.
- (8) The first interim dividend of 2.50p in the £ was paid to unsecured creditors with the payment made from funds held in Sterling (£1.5m) and US Dollars (\$4.2m).
- (9) GBP and USD funds are held in an interest bearing account. EUR accounts are non interest bearing.
- (10) The estimated to realise value 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 and the impact of any tax reform.

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.

	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	139	26	165	4	80	249
Pension related legal costs	98	-	98	-	-	98
Employee wages and associated costs	318	17	335	-	40	375
Joint Administrators' remuneration and disbursements	1,729	118	1,847	27	370	2,244
Other*	170	11	181	-	40	221
Irrecoverable VAT	334	31	365	6	106	477
<b>Total</b>	<b>2,788</b>	<b>203</b>	<b>2,991</b>	<b>37</b>	<b>636</b>	<b>3,664</b>

\*Other costs include statutory advertising for the sixth dividend and professional fees.

# Section 7 Joint Administrators' time costs for the period 1 October 2016 to 31 March 2017

Classification of work	Partner / Director	Senior Manager / Manager	Senior Associate	Associate / Support Staff	Total
	Hours	Hours	Hours	Hours	Hours
	£	£	£	£	£
Accounting and Treasury	0.80	17.05	7.50	28.00	53.35
Creditors	1.60	5.65	15.15	30.60	53.00
Statutory and Compliance	3.95	36.60	23.05	46.65	110.25
Strategy and Planning	10.35	28.45	35.55	5.80	80.15
Tax and VAT	2.50	11.85	12.07	20.75	47.17
<b>Total for six months ended 31 March 2017</b>	<b>19.20</b>	<b>99.60</b>	<b>93.32</b>	<b>131.80</b>	<b>343.92</b>
<b>Average hourly rate for the six month period to 31 March 2017</b>					
<b>Cumulative total to 31 March 2017</b>					<b>1,870,838</b>

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 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 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 the Administrators 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 LBE's creditors committee, the LBE 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 PwC's office holders, this approach is also used for LBPTG.



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## ***Summary of the Joint Administrators' time costs for the period 1 October 2016 to 31 March 2017***

### ***Accounting and treasury - £16,840***

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;
- Verifying creditor payment details; and
- Paying the sixth distribution to creditors in March 2017.

### ***Creditors - £15,148***

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

Activities include:

- Liaison with creditors regarding their claims;
- Maintaining a schedule of creditors' claims received and adjudicated;
- Preparing for and declaring the sixth dividend to unsecured creditors; and
- Updating the estimated outcome statement in preparation for the sixth distribution.

### ***Statutory and compliance - £38,062***

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

- Preparation of the Administrators' 16th progress report, including preparation of a receipts and payments account and detailed remuneration summary;
- Circulating progress report to creditors and uploading to the dedicated creditors' website;
- 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 - £35,090***

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 £2.6m compared to associated costs of £29k.

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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; and
- Regular meetings regarding the status of assets.

***Tax and VAT - £19,008***

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;
- Preparation of the accounts for 2016; and
- Tax compliance.

## ***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.£370k, broadly analysed as follows:

	£'000
Accounting and treasury	40
Strategy and planning	200
Statutory and other compliance	50
Tax and VAT	50
Creditors	30
	<b>370</b>

The nature of the work and benefit for creditors and / or whether it needs to be undertaken for statutory or regulatory reasons will be as outlined in Section 7 in regard to activity for the six months to 31 March 2017.

During the next six months, the Administrators will continue to realise debtor recoveries which are uncertain due to LB PTG's debt holding in other complex estates, interests in its last remaining subsidiary, Initium SRL, and comply with their statutory obligations as Administrators and officers for tax. Their work will include an application to court to extend their term of office beyond 30 November 2017 to protect ongoing realisations and facilitate further distributions to creditors.

### ***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. These include the provision of certain Tax and VAT services and key staff resource. The costs of such services are invoiced directly and shown as "Employee wages and associated costs" (include wages, annual bonus and serviced office costs) on the receipts and payments account in Section 5. Other subcontracted work includes the management of LB PTG's investment in Italian subsidiaries and real estate.

<b>Service provided</b>	<b>Name of firm / organisation</b>	<b>Reason selected</b>	<b>Basis of fees</b>
Tax Services	LBIE	Industry knowledge	Time costs

Investment Management	<i>MCD SRL</i>	<i>Industry/Prior Knowledge</i>	<i>Time costs</i>
Portfolio Management	<i>LB SF Warehouse Limited</i>	<i>Industry/Prior Knowledge</i>	<i>Time costs</i>

### *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.

<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>

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.