
***LB UK RE Holdings
Limited –
In Administration***

Joint Administrators' progress
report for the period 15 March 2014
to 14 September 2014

9 October 2014

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the twelfth progress report by the Joint Administrators of LB UK RE Holdings Limited ("LB UK RE" or the "Company").

Creditors should have received the Joint Administrators' (the "Administrators") proposals dated 4 November 2008, which were approved at a meeting of creditors held on 20 November 2008 and the Administrators' eleven previous progress reports. If any creditor requires copies of these reports, please contact Stephen Ingle at PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT, alternatively these are also available on the Administrators' website <http://www.pwc.co.uk/business-recovery/administrations/lehman/lb-uk-re-holdings-limited-in-administration.jhtml>.

This report provides an update on the work that the Administrators have undertaken and the progress made since our appointment, with particular focus on the progress made in the six months to 14 September 2014 (the "Period").

Business activities

The principal activity of LB UK RE was the management of investments in portfolios of sub-performing, non-performing and performing loans and in real estate.

LB UK RE utilised employees from Lehman Brothers Limited (in Administration) and operated from the Lehman Group's former premises at 25 Bank Street, London, E14 5LE.

Objective of the Administration

The Administrators are pursuing the objective of achieving a better result for LB UK RE's creditors as a whole than would be likely if LB UK RE were wound up (without first being in Administration).

The specific aims of the Administration are to:

- Protect and manage LB UK RE's portfolio of assets; and
- Realise these assets on a managed basis.

Creditors' Committee

A Creditors' Committee (the "Committee") was formally constituted on 29 January 2009 and has the following members:

1. Lehman Brothers Holdings Inc ("LBHI"), formerly in Chapter 11 Bankruptcy proceedings in the US;
2. Reed Smith Richards Butler LLP;
3. Eldon Street Holdings Limited (in Administration);
4. Lehman Brothers Europe Limited (in Administration); and
5. Lehman Brothers Limited (in Administration).

The Administrators will continue to manage the Administration in accordance with the proposals approved by creditors and in consultation with the Committee. The Administrators have met with the Committee nine times, the latest meeting having been held on 22 September 2014.

LBHI proposal

As previously reported, LBHI had indicated a desire to use a company voluntary arrangement ("CVA") process to compromise the liabilities and assume control of LB UK RE.

A revised CVA proposal from LBHI was circulated to creditors for their consideration in March 2013. The CVA proposal gave creditors the choice between taking an up-front cash payment in full and final settlement of their unsecured claims or, alternatively, equity in LB UK RE.

During the Period the Administrators have continued to liaise with LBHI in connection with the CVA proposal and at present there remains no definite timetable for the implementation of the CVA.

Interim distribution

On 27 August 2014 the Administrators paid a fourth interim dividend of 8.5 pence in the pound to creditors with agreed claims. The total paid out in the Period by way of dividend was £124.9m. This takes the cumulative dividend to 51.7 pence in the pound and aggregate payments to £640m.

Future reports

The Administrators will next report to creditors in approximately six months. The Administrators will contact creditors before this with any material developments regarding the LBHI proposal.

Signed:



D Y Schwarzmman
Joint Administrator
LB UK RE Holdings Limited

DY Schwarzmman, AV Lomas, SA Pearson, and JG Parr have been appointed as Joint Administrators of LB UK RE Holdings Limited. The Joint Administrators were appointed to manage the Company's affairs, business and property as agents without personal liability.

DY Schwarzmman, AV Lomas, SA Pearson, and JG Parr are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators are 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.

Section 2 Joint Administrators' actions to date

Progress to date

The Administrators have continued with the strategy set out in their proposals as approved by creditors on 20 November 2008.

The following sections summarise the work that has been carried out by the Administrators and their staff in respect of LB UK RE's most significant assets and other key issues.

2.1 Loan portfolios

Introduction

LB UK RE invested in portfolios of sub-performing, non-performing and performing loans (“SNPLs”) throughout the world. These SNPL portfolios comprise a mixture of unsecured loans and loans secured on (mainly residential) property assets.

Strategy

The strategy adopted by the Administrators is to:

- Develop and implement bespoke strategies to optimise recoveries from each of LB UK RE’s SNPL portfolios; and
- Maintain and refine the necessary processes and resources to manage the SNPL portfolios on a day-to-day basis.

Progress to date

The Administrators have:

- Pro-actively managed the SNPL portfolios, working closely with, and directing the activities of, servicers and other relevant parties, to ensure that collections are made in a timely and cost efficient manner, in the face of challenging market conditions;
- Maintained reporting frameworks to manage and monitor SNPL portfolio collections; and
- Secured collections from the SNPL portfolios during the Period of £39.2m. This brings the cumulative SNPL portfolio collections during the Administration to £314m.

A summary, by country, is given below of the work undertaken on the portfolios with particular emphasis on the work undertaken during the Period.

Portugal

The Administrators have:

- Completed the final sale of the portfolio, local servicer and securitisation vehicle in May 2014, including:
 - Confirming that both the conditions precedent and completion obligations were satisfied in accordance with the sale and purchase agreement;

- Confirming receipt of the purchase price from the preferred bidder; and
 - Monitoring post-completion portfolio collections and expenses in preparation for a final true-up of the disposal which is scheduled to take place during the next period.
- Considered options for the managed wind down of LB UK RE’s wholly owned real estate vehicle, Firstcity, including:
 - Reviewing the feasibility of disposing of the remaining properties in Firstcity as part of the managed wind down; and
 - Discussing the legal procedure for the wind down with Portuguese legal advisers.

Germany

The Administrators have:

- Following the closing of the final portfolio sales, project managed the servicer and other parties in relation to various post-completion matters, including:
 - Responding to various enquiries by the purchasers and facilitating liaison with the local servicer as required;
 - Overseeing the transfer of collections and correspondence received post completion; and
 - Negotiating and resolving a warranty claim made by the purchaser of one of the portfolios.
- Implemented the initial steps and process required to dissolve the complex securitisation structure, which included:
 - Commencing negotiations in respect of the terms of a global termination agreement between multiple counterparties; and
 - Chairing various discussions with, and responding to queries raised by, the directors of the German collateral agents in relation to the closure process.

Poland

The Administrators have:

- Actively directed, managed and monitored the

collection activities of the local servicer, which is dealing with secured and unsecured corporate debtors. Approximately 70 debtors now account for the vast majority of the remaining value and collections have been maintained broadly in line with expectations given the increasing volatility and maturity of this portfolio;

- Reviewed and approved settlement proposals negotiated by the local servicer;
- Progressed the investigation of the optimal timing and method of closure of the portfolio, including:
 - Preparing for a review of a sample of the remaining loans to re-evaluate and validate the remaining value assumptions made by the local servicer and to assist in determining the most suitable exit timing; and
 - Consulting with the Polish Financial Supervision Authority in relation to the local regulatory constraints of secondary portfolio sales.

Other portfolios

- Spanish portfolio – the dissolution strategy in relation to the SPV structure has now been implemented;
- Belgian portfolio – the Administrators have continued to oversee and monitor the local servicer’s attempts to make recoveries on a small number of residual assets where it is cost effective to do so; and
- Argentinian portfolio – a small portfolio of loans continues to be serviced in Argentina and steady progress is being made in relation to collections. The Administrators are now evaluating options for the sale of the residual portfolio.

Future strategy

The Administrators will continue to:

- Pro-actively monitor SNPL portfolio performance for the Polish, Belgian and Argentinian portfolios;
- Periodically review SNPL portfolio strategies in light of collections performance and local developments in each case, particularly as the tail of individual portfolios is reached; and
- Develop and implement final closure strategies and plans, where appropriate.

2.2 Real estate investments

Introduction

LB UK RE was the principal vehicle through which the Lehman Group's European real estate investments were made.

These investments were principally in the form of debt/equity positions in approximately 50 joint venture property holding companies ("JVs") with around 40 different partners.

Strategy

In view of the market conditions at the date of the Administration and the nature of the investments, quick distressed sales would not have realised optimal value. As such, since their appointment, the Administrators have had the objective of stabilising the real estate investments such that:

- LB UK RE's equity is not diluted or extinguished by partners' or lenders' actions;
- Senior and mezzanine lenders do not enforce any event of default;
- Terms of property fundings are negotiated to achieve optimal positions;
- JV partners and local asset managers are incentivised to manage the investments and underlying properties actively; and
- Performance of the underlying properties is improved by increasing occupancy and rents and reducing costs.

Once the investments have been stabilised they can be managed at the same time as actively identifying, negotiating and completing either individual property or portfolio sales to achieve optimum value for the Administration.

Progress to date

A summary of the work undertaken to date is given below with particular emphasis on the work undertaken during the Period.

The Administrators continue to implement the strategy by:

- Building on the comprehensive understanding of LB UK RE's real estate investment portfolio with the assistance of Lehman Group employees and JV partners;
- Updating and adjusting a detailed strategy for

each investment with a view to maximising realisations;

- Engaging with JV partners and senior lenders to implement the strategy;
- Defending or pursuing legal actions to protect ownership and/or value of the real estate investments;
- Selling investments or enforcing the repayment of loans when it is deemed that the optimal value can be realised; and
- Refining the necessary processes and resources to manage the real estate investment portfolio on a day-to-day basis.

The Administrators have:

- Realised £51.9m to date, of which £8.6m was realised during the Period, from the sale of investments, redemption and partial repayment of loans, as well as distributions from subsidiaries. In particular, and as previously reported, the Administrators negotiated and completed the sale of LB UK RE's interest in the Cœur Défense office complex in the La Défense business district to the west of Paris, France for €14.4m cash consideration of which €1.1m was received in the Period. There remains a potential to receive further deferred consideration of around €15.0m based on certain contingent future events;
- Realised €24.5m to date, in LB UK RE subsidiaries from the sale of investments, redemption and partial repayment of loans, as well as distributions from subsidiaries;
- Realised £188m to date from the sale of individual properties within portfolios to prepay senior lenders and release cash to assist in servicing the remaining assets in the portfolios;
- Undertaken extensive market exercises to identify potential purchasers of LB UK RE's investments in property groups and companies or individual properties therein;
- Identified and discussed with parties interested in acquiring an Italian SPV with a banking regulatory licence, resulting in one sale;

- Worked with and managed JV partners, local asset managers and letting agents:
 - Developing a programme of key site visits to inspect properties and property developments;
 - Formulating property developments, improvements and letting strategies;
 - Managing development remedial works to meet warranties provided as part of the pre and post Administration sales;
 - Agreeing the appointment of an employee to the Asset Management Oversight Committee for assets held by a securitisation vehicle where LB UK RE is entitled to a Deferred Purchase Price in excess of the value of the bonds repaid;
 - Negotiating consensual sales with discounted pay-offs to the senior lenders or a sales fee to avoid distressed liquidation;
 - Agreeing and completing on the sale of a private hospital facility, which resulted in LB UK RE receiving £7.0m in the Period;
 - Agreeing a guarantee claim as a result of a shortfall in repayment of a mezzanine loan following a consensual sale of the underlying property assets; and
 - Agreeing share sales to JV partners.
- Negotiated with various JV partners, senior lenders and suppliers, taking legal action where necessary, to protect and enhance LB UK RE's and its subsidiaries' interests, including:
 - Waiving LB UK RE's and its subsidiaries' insolvency event of default;
 - Agreeing loan standstills as both borrower and lender as a precursor to loan restructuring agreements;
 - Taking legal steps against buyers of assets for non-payment of deferred consideration for completed asset sales;
 - Pursuing and winning court cases against tenants who claimed that their pre-emption right to acquire their homes was still valid when the properties were sold;
 - Submitting an interest rate swap mis-selling claim against a senior lender;
 - Agreeing senior loan term extensions;
 - Brokering loan restructures between equity and senior lenders where LB UK RE has an interest in the mezzanine debt;
 - Varying shareholder agreements;
 - Agreeing debt for equity swaps;
 - Issuing notices to increase the interest rate ahead of an interest reset date to encourage refinancing by the senior lender;
 - Negotiating with tenants to remove lease break clauses;
 - As part of a sale contract, facilitating initial negotiations with Lehman Brothers Bankhaus AG ("Bankhaus") and the purchaser to release a land charge for a senior loan repaid in full;
 - Instigating and managing solvent subsidiary liquidations resulting in distributions of trapped cash;
 - Agreeing the cancellation of an interest rate swap, with the swap counterparty agreeing to waive the swap break costs;
 - Agreeing an extension to a banking facility (where the bank wanted to close the account) in order to identify and open a new facility with a different bank; and
 - Agreeing the release of cash held in escrow following satisfaction of the escrow conditions.
- Negotiated with various third party service providers and tax authorities to manage and reduce costs and tax liabilities, including:
 - Reducing the level of suppliers' fees;
 - Renegotiating loan service contracts in order to reduce servicing fees;
 - Managing and streamlining the group structures in which property investments are held in order to save costs;
 - Following extensive negotiations to eliminate a €1.0m claim, negotiated the release of the associated €1.0m cash reserve held by Bankhaus to LB UK RE's subsidiaries;
 - Agreeing the reimbursement of legal and other professional fees incurred;
 - Working with local Italian tax advisers in respect of claiming exemption from the new 5% tax payable by holders of interests in Italian real estate funds by overseas

investors (Quota Holder of Italian Real Estate Funds Decree); and

- Working with Italian tax advisers to settle, with a significant discount, Italian tax assessments issued for omitting withholding tax on pre and post Administration dividends paid to LB UK RE. This allowed €841k of cash trapped in the subsidiary to be distributed to LB UK RE in the Period.
- Negotiating and agreeing inter-company loan balances between LB UK RE's subsidiaries and non-UK Administration companies; and
- Researched the charges registered as “outstanding” on LB UK RE's charges register at Companies House and identified how these could be released.

Future strategy

The Administrators will continue to:

- Actively manage the remaining investments;
- Monitor the market to understand whether changes in conditions indicate that a sales strategy is now appropriate for certain assets;
- Actively identify, negotiate and complete realisation opportunities where appropriate; and
- Work with and manage JV partners, local asset managers and letting agents to improve the performance and value of the assets.

2.3 Principal investments

Introduction

In addition to the SNPL portfolios and real estate investments, LB UK RE has other investments which include:

- Seed capital investments in Lehman Group funds;
- External hedge fund investments;
- Listed company investments; and
- Minority shareholdings.

Strategy

The Administrators have worked closely with Lehman Group employees to:

- Understand the legal and beneficial ownership structures of these investments; and
- Formulate strategies for each investment, mindful of the prevailing market conditions.

Progress to date

The Administrators have made significant realisations across all categories of principal investments, having realised almost all of those that are within their control. Total realisations for all principal investments to date are £357.5m.

In the Period a third distribution of \$2.4m was received in respect of the Company's investment in the Cirrus Master Fund. In addition, amounts totalling \$102k were received from redemptions made by the Bluebay Multi Strategy Fund.

With regard to the Company's largest remaining external hedge fund investment, encouraging dialogue has taken place with the fund manager in connection with the ability of the fund to pay an interim dividend to LB UK RE, and also in respect of planning a strategy for closure of the fund.

The Administrators are continuing to pursue a hold strategy in relation to two remaining small stakes in illiquid companies, and dividends totalling €47k were received in the Period.

Future strategy

The Administrators will continue to:

- Retain control of and manage the investments; and
- Realise the few remaining investments when appropriate.

2.4 *Inter-company claims*

Introduction

LB UK RE had over 60 inter-company debtor and creditor balances, representing \$600m of debtors and \$2.4bn of creditors at book values as at 12 September 2008.

Strategy

Since their appointment the Administrators have:

- Submitted claims in the estates of other Lehman entities by any relevant bar dates; and
- Continued the detailed process of reviewing the complex underlying detail behind each inter-company relationship for both debtors and creditors.

Progress to date

The Administrators have:

- Filed claims with a total value of \$1.1bn against affiliates. These include trust asset claims, guarantee claims and general inter-company claims;
- Pursuant to the settlement agreement executed in 2011 by LBHI and certain US debtor affiliates and by LB UK RE and certain UK affiliates, LB UK RE has received five interim dividends from LBHI and its US debtor affiliates totalling \$4.8m, of which the latest was received in April 2014. A further distribution of \$0.3m is expected from the US affiliates in October 2014. The quantum and timing of additional future dividends are uncertain;
- Received £3.4m in the Period from Lehman Brothers International Europe (in Administration) (“LBIE”) as a fourth interim dividend payment on the unsecured claim of £43.2m bringing the total recovered so far to £43.2m; and
- Following the claims agreement process in 2012, agreed all but one of the inter-company creditor balances.

Future Strategy

The Administrators will continue to:

- Progress resolution of the one remaining creditor claim submitted but not yet agreed;

and

- Submit claims into other affiliate estates to meet their future bar dates.

2.5 Other issues

Pension issues

As reported previously, it was necessary to retain a reserve against possible liability to the Lehman Brothers Pension Scheme under a Financial Support Direction (FSD). Following a settlement agreement with the pension scheme trustees and all other potential FSD targets which became effective on 18 August 2014, the Company no longer has a potential liability to the pension scheme and accordingly it has been possible to release this reserve. As part of the settlement the Company has contributed to certain legal costs of the pension scheme trustees and the Pensions Regulator. The Company has not contributed to the cost of funding pension benefits under the settlement, which is being discharged by other Lehman companies.

Tax issues

With regard to the corporation tax computation and return for the period ended 14 September 2013, further detailed accounting work has been carried out in the Period, and the return will be filed with HM Revenue and Customs (“HMRC”) shortly. The enquiry window is now closed for all periods up to 14 September 2011, with substantial losses being carried forward to set off against future profits. Additionally, although the enquiry period into the tax return for the period ended 14 September 2012 is officially still open, HMRC has advised that it has no further queries in relation to this return.

Amounts of £6.1m and £5.2m have been recovered to date in respect of corporation tax repayments and group relief respectively. Further recoveries for group relief for subsequent periods may be available, but these have yet to be finalised.

The main workstreams undertaken in the Period have been in respect of:

- Continuing to work with LBHI in relation to the potential CVA, including work to determine and begin to resolve the key tax issues in relation to any transition;
- Review of the pension settlement agreement;
- Preparation and submission of the Senior Accounting Officer (“SAO”) certificate for the year ended 14 September 2013 as required by Para 2 Schedule 46 of Finance Act 2009;
- Finalising the tax analysis in relation to sale of the Coeur Defense property structure;
- Considering the tax implications of the sale of the Portuguese loan portfolio, local servicer and securitisation vehicle;
- Closure of the Spanish SPV structure and associated tax work;
- Preparation of the accounting information and tax computation for the period ended 14 September 2013; and
- VAT compliance work for the periods ended 28 February 2014 and 31 May 2014.

VAT returns for the periods ended 28 February 2014 and 31 May 2014 have been prepared within the Period. VAT repayments totalling £0.4m have been received in the Period in respect of VAT return periods ended 30 November 2013 and 28 February 2014. The VAT repayment of £0.2m in respect of the period ended 31 May 2014 was received after the date of this report.

The Administrators continue to take steps to ensure that tax efficiency is maintained. As such, the tax grouping has been maintained in order that any tax losses suitable for group relief are potentially available to other group companies (being both the LB UK RE sub-group and the wider administration group) to shelter profits.

Section 3 Statutory and other information

<i>Court details for the Administration:</i>	High Court of Justice, Chancery Division, Companies Court - case 7944 of 2008.
<i>Full name:</i>	LB UK RE Holdings Limited.
<i>Trading name:</i>	LB UK RE Holdings Limited.
<i>Registered number:</i>	05347966.
<i>Registered address:</i>	Level 23, 25 Canada Square, London E14 5LQ, United Kingdom.
<i>Date of the Administration appointment:</i>	15 September 2008.
<i>Administrators' names and addresses:</i>	DY Schwarzmann, AV Lomas, SA Pearson, and JG Parr, of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT.
<i>Appointer's name and address:</i>	High Court of Justice, Chancery Division, Companies Court.
<i>Objective being pursued by the Administrators:</i>	Achieving a better result for LB UK RE's creditors as a whole than would be likely if LB UK RE were wound up (without first being in Administration).
<i>Division of the Administrators' responsibilities:</i>	In relation to paragraph 100(2) Sch.B1 of The Insolvency Act 1986, during the period for which the Administration is in force, any act required or authorised under any enactment to be done by any or all of the Joint Administrators may be done by any or one or more of the persons for the time being holding that office.
<i>Details of any extensions of the initial period of appointment:</i>	The Court has granted an extension of the Administration to 30 November 2016.
<i>Proposed end of the Administration:</i>	The Administrators are not yet in a position to determine the most likely exit route from the Administration and wish to retain the options available to them.
<i>Estimated dividend for unsecured creditors:</i>	The Administrators estimate a dividend range of 57 to 61 pence in the pound to creditors (including the 51.7 pence already paid) however this is subject to a number of uncertainties.
<i>Estimated values of LB UK RE's net property and the prescribed part</i>	In the absence of qualifying floating charges, The Insolvency Act 1986 (Prescribed Part) Order 2003 does not apply to these proceedings.
<i>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:</i>	Not applicable.
<i>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):</i>	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are the main proceedings.

Section 4 Financial information

Administrators' remuneration

On 29 January 2009 the Committee was formed, whose duties include approving the basis and quantum of the Administrators' remuneration.

The Committee resolved that the basis of the Administrators' remuneration be fixed by reference to the time properly given by the Administrators and their staff in attending to matters arising in the Administration, and accordingly the Committee has been provided with an account of the time spent and the relevant charge-out rates, together with additional information setting out the approach to the project and key milestones.

As at the end of the Period, pursuant to the resolution agreed by the Committee in February 2012, the Joint Administrators have drawn remuneration equal to 75% of their time costs on account of £1.8m plus VAT from 1 February 2014 to 31 July 2014.

At a meeting of the Committee held on 10 April 2014, the Committee approved the Administrators' time costs for the period 1 July 2013 to 31 December 2013 totalling £2.4m plus VAT.

The time cost analyses and narratives for the period from 1 January 2014 to 30 June 2014 were submitted to the Committee and subsequently approved at a meeting of the Committee held, after the date of this report, on 22 September 2014.

The Administrators have drawn remuneration of £44.4m plus VAT in total since the commencement of the Administration.

Additional analysis of Administrators' remuneration

The table below provides an analysis of the total hours and cost by grade in respect of the period 1 January 2014 to 30 June 2014:

Grade	Hours	Costs (£)
Partner	74.7	64,316
Director	425.4	299,217
Senior Manager	983.9	607,036
Manager	1,015.3	439,169
Senior Associate	1,088.9	300,634
Associate	609.2	123,990
Total	4,197.4	1,834,362

The following table provides a further analysis of the total hours and costs incurred by activity:

Activity	Hours	Costs (£)
Working assets/realisations	2,148.1	1,033,083
Strategy, administration, planning and compliance	765.8	294,105
Tax and VAT	624.3	288,511
Creditors, intercompany and LB UK RE group companies	181.7	75,141
Treasury	360.7	111,420
Central services	116.8	32,102
Total	4,197.4	1,834,362

In addition, LB UK RE has incurred time costs in relation to the recovery of corporation tax and VAT. Time costs are initially borne on a group level basis for the Lehman Group of companies and apportioned to individual estates based on the level of individual recovery. The share of Administrators' time costs allocated to LB UK RE will fluctuate when any entity within the Group makes a recovery or a payment. A full breakdown of these time costs will be submitted once all entities within the Group have collected all expected recoveries.

Receipts and payments account

An account of the receipts and payments in the Administration for the six months to 14 September 2014, and a cumulative total since commencement of the Administration, is set out in Section 5 of this report.

Significant receipts in the Period include:

- £39.2m in respect of sale proceeds, principal and interest income from the SNPL portfolios;
- £8.6m in respect of income from and the sale of real estate investments;
- £4.1m in respect of distributions received; and
- £1.6m in respect of realisations from principal investments.

Significant payments in the Period are:

- £124.9m in respect of dividend payments to creditors;
- £4.5m in respect of expenses incurred in relation to the sale of the Portuguese assets; and
- £2.2m (including VAT) in respect of Administrators' remuneration.

Cash held as at 14 September 2014 totals £40.1m (GBP equivalent).

Section 5 Receipts and payments

RECEIPTS	As at 14 September 2014			As at 14 September 2014		Movements from 14 March 2014 to 14 September 2014		As at 14 March 2014 (GBP equivalent) RESTATED		As at 14 March 2014 (GBP equivalent)	
	GBP (£)	US (\$)	EUR (€)	TOTAL GBP equivalent	GBP (£)	GBP (£)	exchange rate	GBP (£)	GBP (£)	GBP (£)	
	mil	mil	mil	mil	mil	mil	mil	mil	mil	mil	
SNPL recoveries	2.8	58.0	345.5	314.0	39.2	274.8				285.9	
Real Estate recoveries	14.5	2.2	45.2	51.9	8.6	43.3				45.0	
Principal investments	60.3	236.0	190.4	357.5	1.6	355.9				360.1	
Other recoveries	0.8	-	-	0.8	-	0.8				0.8	
Distributions received	43.4	4.8	-	46.4	4.1	42.3				42.3	
Internal currency transfer	641.9	2.6	1.7	644.9	38.7	606.2				606.2	
Corporation Tax repayments	11.2	-	-	11.2	-	11.2				11.2	
VAT repayments	5.9	-	-	5.9	0.4	5.5				5.5	
Interest	0.8	0.9	2.8	3.6	0.2	3.4				3.4	
Receipts Grand Totals	781.6	304.5	585.6	1,436.2	92.8	1,343.4				1,360.4	
PAYMENTS											
Building and occupancy costs	5.1	-	0.1	5.2	-	5.2				5.2	
Payroll and employee costs	17.1	-	3.2	19.7	0.4	19.3				19.4	
Legal fees	15.6	-	0.9	16.3	1.3	15.0				15.1	
Insurance premiums	2.2	-	0.2	2.4	-	2.4				2.4	
Principal investments	-	0.3	-	0.2	-	0.2				0.2	
Acquisition of Portuguese loan portfolio	-	-	7.3	5.8	-	5.8				6.1	
Office holders' remuneration	53.2	-	-	53.2	2.2	51.0				51.0	
Office holders' disbursements	0.3	-	-	0.3	-	0.3				0.3	
Other professional fees	4.8	-	1.8	6.2	-	6.2				6.2	
Distribution to unsecured creditors	640.0	-	-	640.0	124.9	515.1				515.1	
Real Estate valuation costs	0.2	-	-	0.2	-	0.2				0.2	
Firstcity credit facility	-	-	4.0	3.2	-	3.2				3.4	
Portuguese tax liability	-	-	1.7	1.4	-	1.4				1.4	
Bonus payments in relation to Portuguese assets	-	-	5.7	4.5	4.5	-				-	
Whitestar working capital facility	-	-	-	-	-	-				-	
Internal currency transfer	3.2	304.1	560.5	637.5	38.3	599.2				615.5	
Payments Grand Totals	741.7	304.4	585.4	1,396.1	171.6	1,224.5				1,241.5	
NET POSITION	39.9	0.1	0.2	40.1	(78.8)	118.9				118.9	
CASH BALANCES											
HSBC	5.0	0.1	0.2	5.2							
Bank of New York	2.8	-	-	2.8							
Money markets	32.1	-	-	32.1							
Total Cash	39.9	0.1	0.2	40.1							

Exchange rate as at 14 March 2014

US\$ 1 : GBP	0.6014
EURO €1 : GBP	0.8375

Exchange rate as at 14 September 2014

US\$ 1 : GBP	0.6162
EURO €1 : GBP	0.7973

Amounts include VAT where applicable

Note:

A reclassification exercise has been undertaken for all historical receipts and payments. Consequently, minor adjustments have occurred between some of the categories.

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