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# *Mable Commercial Funding Limited – In Administration*

Joint Administrators' progress  
report for the period 23 March 2010  
to 22 September 2010

21 October 2010

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

## ***Introduction***

This is the fourth progress report by the Joint Administrators (the "Administrators") of Mable Commercial Funding Limited ("Mable" or the "Company").

Creditors should have received the Administrators' proposals (the "Proposals") dated 12 November 2008 which were approved at a meeting of creditors held on 27 November 2008 and the Administrators' first, second and third progress reports dated 21 April 2009 and 22 October 2009 and 20 April 2010 respectively.

This report provides an update on the work the Administrators have undertaken and the progress made since our appointment, with particular focus on the progress made in the six months to 22 September 2010.

## ***Objectives of the Administration***

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

The specific aims of this Administration are to:

- Protect and manage the Company's portfolios of assets; and
- Realise these assets, including cash and asset and mortgage backed securities, on a managed basis.

## ***Creditors' Committee***

A Creditors' Committee has not been formed.

## ***Outcome for Creditors***

The Administrators are unable to provide a reliable estimate of the likely dividend to ordinary unsecured creditors as there are significant uncertainties regarding future net realisations.

The Administrators will continue to manage the Administration in accordance with the Proposals approved by creditors.

Until there is more certainty regarding the dividend prospects, claims agreement work will be restricted to gathering information. If you have not already submitted your claim to the Administrators, please do so by completing and returning the attached statement of claim form.

## ***Administrators' Remuneration***

As there is no Creditors' Committee, the Administrators, have sought the approval of the general body of creditors to draw remuneration in respect of costs incurred in this Administration. Total remuneration drawn to date is £3.8m including VAT for the period 23 September 2008 to 31 December 2009.

## ***Extension of the Administration***

On the application by the Administrators the High Court made an Order extending the period of the Administration for a further year up to 30 November 2011.

## ***Future Reports***

The Administrators will next report to creditors in approximately six months.

Signed:



D Y Schwarzmann  
Joint Administrator  
Mable Commercial Funding Limited

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## ***Section 2 Joint Administrators' actions to date***

### ***Business Activities***

Mable is a holding company that principally acted as a funding vehicle for mortgages and asset backed debt financing on behalf of a number of its direct and indirect subsidiaries.

Mable utilised employees seconded from Lehman Brothers Limited ("LBL") and principally operated from the Lehman Group's former premises at 25 Bank Street, London.

### ***Progress to Date***

The Administrators have:

- Implemented the hold strategy of the mortgage loan assets ("Mortgage Assets"), as stated in the previous progress report. By way of background, Mable provided a loan to one of its subsidiaries, which was used to fund the origination of the Mortgage Assets. These Mortgage Assets were pledged as security against the loan. The Mortgage Assets are being held and run-off within the Administration using a Lehman owned servicing platform, Capstone Mortgage Services Limited ("Capstone").  
  
Between 23 March 2009 and 22 September 2010 the Administrators have collected loan interest and principal sums totalling £7m in relation to the Mortgage Assets;
- Continued discussions with Lehman Brothers Bankhaus AG ("Bankhaus") in respect of a sub-participated loan agreement (the "Agreement") which Mable had entered into with Bankhaus. The original loan was provided by Bankhaus to a French leisure development. Bankhaus has now sold its interest in the loans to a third party. The proceeds from this sale will be kept by Bankhaus in a segregated account until we conclude our discussions in respect of who is entitled to these proceeds. The aim is to conclude this issue by the end of 2010;
- Agreed the corporation tax affairs with HMRC up to 30 November 2007. A net tax repayment (after Mable's initial share of tax costs) of c.£17m has been agreed for accounting periods up to year ended 30 November 2004. This will

be paid to Mable once all parties have signed an overarching tax sharing agreement. This should be finalised shortly however the Administrators of Mable have already signed up to this agreement. A further repayment of £4.4m (before tax costs) is expected in 2011;

Draft tax computations for the year ending 30 November 2008 indicate losses carried forward of £40m, however this may be subject to change;

- Submitted claims totalling US\$118.5m against the estate of Lehman Brothers Bankhaus AG and Lehman Brothers Holdings Inc on a direct and guarantee basis respectively; and
- Continued in the period to investigate inter-company balances. Mable has over 40 inter-company debtor and creditor balances, representing US\$903m of debtors and US\$1.4bn of creditors at, 12 September 2008 book values.

### ***Future Strategy***

The Administrators will continue to:

- Work with the Capstone team to ensure that all applicable principal and interest are remitted to Mable;
- Pursue the recovery of sale proceeds from Bankhaus in respect of the sub-participated loan;
- Submit further inter-company claims into insolvent estates where necessary; and
- Determine the most appropriate route to distribute dividends to the creditors.

## Section 3 Statutory and other information

<i>Court details for the Administration:</i>	High Court of Justice, Chancery Division, Companies Court - Court Case 8211 of 2008.
<i>Full name:</i>	Mable Commercial Funding Limited
<i>Trading name:</i>	Mable Commercial Funding Limited
<i>Registered number:</i>	2682316
<i>Registered address:</i>	Level 23, 25 Canada Square, London E14 5LQ, United Kingdom.
<i>Company directors:</i>	JC Blakemore (resigned 05/11/08), D Gibb (resigned 17/07/09) PEJ Hansell (resigned 23/10/08), IM Jameson (resigned 17/07/09), B Porter (resigned 23/10/08), AJ Rush (resigned 28/10/08) and PR Sherratt (resigned 06/10/08).
<i>Company secretary:</i>	P Dave (resigned 25/01/10), M Smith (resigned 25/01/10) and ESE Upton (resigned 25/01/10).
<i>Shareholdings held by the directors and secretary:</i>	None of the directors own shares in the Company.
<i>Date of the Administration appointment:</i>	23 September 2008.
<i>Administrators' names and addresses:</i>	DY Schwarzmann, MJA Jervis, AV Lomas, DA Howell and SA Pearson of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT, England.
<i>Appointer's name and address:</i>	The directors of the Company, whose address at appointment was 25 Bank Street, London, E14 5LE, United Kingdom.
<i>Objective being pursued by the Administrators:</i>	Achieving a better result for creditors as a whole than would be likely if the Company was 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 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 2011.
<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>	It is too early to estimate the likely dividend for unsecured creditors.
<i>Estimated values of the prescribed part and Mable's net property:</i>	There is no prescribed part in this matter.
<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 does apply to this Administration and these are the main proceedings.

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## ***Section 4 Financial information***

### ***Administrators' Remuneration***

The manner in which Administrators' remuneration is determined and approved is set out in the Insolvency Rules 1986 2.106 to 2.109 (the "Rules").

In accordance with the Proposals, as a Creditors' Committee was not formed, it is for the general body of creditors to agree the level of the Administrators' remuneration and Category 2 disbursements. Creditors have previously been provided with a full SIP9 analysis and therefore it is not repeated here.

On 21 May 2010 a meeting was held to vote upon the fee resolution to authorise remuneration incurred between 23 September 2008 to 31 December 2009. All votes received were in favour of the resolution but at the request of one creditor only 75% of the relevant remuneration was initially drawn, pending further clarification on certain issues. The issues were clarified and the remaining 25% has since been authorised.

On 20 September 2010 a meeting was held to vote upon the resolution to authorise remuneration for the costs incurred between 1 January 2010 and 30 June 2010. Again all votes received voted in favour of the resolution, but at the request of one creditor, only 75% of the relevant remuneration will be drawn pending clarification of certain issues.

75% of remuneration for the period up to the 31 December 2009 of £3.8m including VAT has been drawn. This represents 8,331 hours at an average hourly rate of £391, excluding VAT. The remaining 25% authorised remuneration will be drawn shortly together with 75% of the authorised remuneration for the period from 1 January 2010 to 30 June 2010. This will total £1.9m including VAT and represent 4,434 hours at an average hourly rate of £371, excluding VAT.

### ***Receipts and Payments Account***

An account of the receipts and payments in the Administration for the six months to 22 September 2010, and a cumulative total since

commencement of the Administration, is set out in section 5 to this report.

Significant receipts in the period covered by this report are:

- £7m in respect of principal and interest.

Significant payments in the period covered by this report are:

- £0.1m in respect of payroll and employee costs;
- £0.3m in respect of legal fees; and
- £3.8m in respect of office holders' remuneration.

Total cash held as at 22 September 2010 was £23.4m.

## Section 5 Receipts and payments

	As at 22 September 2010		As at 22 September 2010	Movements 23 March 2010 to 22 September 2010	As at 22 March 2010 (GBP equivalent) RESTATED	As at 22 March 2010 (GBP equivalent)
	GBP (£)	EUR (€)	TOTAL GBP equivalent £	(GBP equivalent) £	at 22 September 2010 exchange rate £	£
	000	000	000	000	000	000
<b>RECEIPT</b>						
Mezzanine loan repayments and other asset recoveries	3,418	250	3,631	38	3,593	3,605
Principal and interest from subsidiary	26,723	-	26,723	7,031	19,692	19,692
<b>Receipts Grand Totals</b>	<b>30,141</b>	<b>250</b>	<b>30,354</b>	<b>7,069</b>	<b>23,285</b>	<b>23,297</b>
<b>PAYMENT</b>						
Building and occupancy cost	590	-	590	-	590	590
Payroll and employee costs	1,017	-	1,017	106	911	911
Legal fees	1,316	-	1,316	322	994	994
Insurance premium	101	-	101	-	101	101
Office holders' remuneration	3,767	-	3,767	3,767	-	-
Office holders' disbursements	33	-	33	22	11	11
Other professional fees	41	-	41	13	28	28
<b>Payments Grand Totals</b>	<b>6,865</b>	<b>-</b>	<b>6,865</b>	<b>4,230</b>	<b>2,635</b>	<b>2,635</b>
<b>NET POSITION</b>	<b>23,276</b>	<b>250</b>	<b>23,489</b>	<b>2,839</b>	<b>20,650</b>	<b>20,662</b>
<b>CASH BALANCES</b>						
HSBC	2,424	250	2,637			
Money markets	20,852	-	20,852			
<b>Total Cash</b>	<b>23,276</b>	<b>250</b>	<b>23,489</b>			

Exchange rate as at 22 March 2010:

EURO €1 : GBP 0.9016

Exchange rate as at 22 September 2010:

EURO €1 : GBP 0.8545

Amounts include VAT where applicable





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