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

Joint Administrators' progress
report for the period 15 September
2012 to 14 March 2013

9 April 2013

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the ninth 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' eight 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 March 2013 (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 five times, the latest meeting having been held on 3 December 2012.

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.

However, in October 2012, LBHI made a proposal to non LBHI controlled creditors, offering a one time distribution of 63 pence in the pound (less the interim distribution made on 27 September 2012) to be implemented outside of a CVA structure. The proposal (which was subject to acceptance by all non LBHI controlled creditors) was not unanimously accepted and did not proceed.

On 14 March 2013 the Administrators received a revised CVA proposal from LBHI which has been circulated to creditors for their consideration. The Administrators will continue to engage in dialogue with LBHI and all creditors in order to seek the best result for creditors as a whole.

It should also be noted that, having reached mutual agreement, the legal action initiated by LBHI against the Administrators pursuant to paragraph 74 of Schedule B1 to the Insolvency Act 1986 was terminated by a Consent Order of the High Court of Justice (the "Court") on 6 November 2012.

Interim distribution

On 27 September 2012 the Administrators paid a first interim dividend of 30 pence in the pound to creditors with agreed claims. The total paid out by way of dividend was £349.1m.

Change of Administrators

On the application of the Administrators, the Court made an order on 22 March 2013 that JG Parr be appointed Administrator and that DA Howell and MJA Jervis cease to be Administrators of the Company.

The Court also ordered that the former Administrators shall be released from all liability pursuant to the relevant sections in the Insolvency Act 1986 in respect of their acts and omissions and otherwise in respect of their conduct as Administrators of the Company and that such release will take effect 56 days after the date of this progress report. The Court gave permission for each creditor and member of the Company to apply to vary or discharge its order by an application issued within 28 days of receipt of this progress report.

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 Schwarzmann
Joint Administrator
LB UK RE Holdings Limited

DY Schwarzmann, AV Lomas, SA Pearson, MJA Jervis and DA Howell were appointed as Joint Administrators of LB UK RE Holdings Limited. Upon the application of the Joint Administrators, the High Court of Justice made an order on 22 March 2013 that JG Parr be appointed Joint Administrator and that MJA Jervis and DA Howell cease to be Joint Administrators. The Joint Administrators were appointed to manage the Company's affairs, business and property as agents without personal liability.

DY Schwarzmann, AV Lomas, SA Pearson, MJA Jervis, DA Howell 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. In the case of Portugal, the loan servicer is a wholly owned subsidiary of LB UK RE.

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;
- Maintain and refine the necessary processes and resources to manage the SNPL portfolios on a day-to-day basis; and
- Support and develop the Portuguese servicer with a view to maintaining and enhancing its capability and value.

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 £21.7m. This brings the cumulative SNPL portfolio collections during the Administration to £277.5m.

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:

- Actively directed, managed and monitored local and UK management in order to oversee the orderly run-off of the portfolio, including:

- The reviewing and monitoring of collection targets and expense budgets for the assets and entities under management;
- Attending board meetings of the local servicer, providing input and guidance where appropriate; and
- Responding to ad-hoc issues and providing advice and support in relation to any significant challenges facing the local servicer in managing the business.

- Maintained good portfolio cash collections given the current economic environment;
- Continued to support initiatives aimed at improving the performance of the local servicer;
- Continued to work alongside the local servicer in developing its strategy and supporting its business offering to the Portuguese market with the aim of enhancing its value, including the provision of assistance in relation to:
 - Assessing a specific outsourcing opportunity that could enable the local servicer to expand into the primary servicing market and also broaden its non-performing loan asset base; and
 - Reviewing the local servicer’s future financial projections.
- Assisted in the search for and appointment of a Chief Financial Officer and additional Non-Executive Board Member;
- Continued to press for the release of historic pledges over property assets under management in order that these assets may be sold and value realised; and
- Overseen the monthly financial reporting process.

Germany

Following agreement of the trust asset claim with Lehman Brothers International (Europe) (in Administration) (“LBIE”), LB UK RE now receives recoveries for this portfolio through LBIE on a regular basis.

The Administrators have:

- Actively directed, managed and monitored the

collection activities of the local servicer, which is responsible on a day-to-day basis for seeking recoveries from the portfolio of residential mortgage assets, the outstanding number of which has now reduced to approximately 400:

- Maintained collections marginally below forecasts;
- Conducted an updated review of the most valuable loans in the portfolio at the servicer's office in Germany to ensure that the exit strategies selected by the servicer remain appropriate and future collections are optimised;
- Progressed the investigation of the optimal timing and method of closure of the German SNPL portfolio, in consultation with the Committee; and
- Commenced initial preparations for a planned final portfolio sale in close liaison with the local servicer.

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. Less than 100 debtors account for the vast majority of the remaining value;
- Achieved collections ahead of forecasts for the Period;
- Conducted an in-depth review of the portfolio to ensure that optimal work-out strategies continue to be pursued; and
- Commenced considering the optimal timing and process for final closure of the Polish SNPL portfolio and realisation of all remaining assets.

Other portfolios

- Spanish portfolio – the Administrators commenced the implementation of a closure plan, the portfolio having reached the end of its useful economic life;
- 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 is currently being serviced in Argentina and steady progress is being made in relation to collections. The Administrators continue to

investigate various options for the repatriation of funds.

Future strategy

The Administrators will continue to:

- Pro-actively monitor SNPL portfolio performance for the Portuguese, German, Polish, Spanish, Belgian and Argentinian portfolios;
- Periodically review SNPL portfolio strategies in the 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 actively manage the investments and underlying properties; 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 in the Period

In summary, 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 forcing 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 £57.6m to date, of which £26.2m was realised in the Period, 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;
- Realised £32.9m to date, of which £0.7m was realised during the Period, from the sale of investments, redemption and partial repayment of loans, as well as distributions from subsidiaries;
- Worked with and managed JV partners, local asset managers and letting agents to formulate property development, improvements and letting strategies;
- Negotiated with various JV partners, senior lenders and suppliers and taken further actions in order to maintain the investments and their value, including:
 - Securing payment of long-standing unpaid interest on outstanding loans;
 - 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;
 - Negotiating and agreeing senior loan term extensions;
 - Negotiating consensual sales with a discounted pay-offs to the senior lender or a sales fee to avoid distressed liquidation sales;

- Brokering loan restructures between equity and senior lenders where LB UK RE has an interest in the mezzanine debt;
 - Negotiating and varying shareholder agreements;
 - Reducing the level of suppliers' fees;
 - Managing and streamlining the group structures in which property investments are held in order to save costs;
 - Organising and agreeing distributions from solvent subsidiaries;
 - Agreeing with JV partners to test the market with some assets to determine whether optimal value can be achieved;
 - Negotiating and agreeing inter-company loan balances between LB UK RE's subsidiaries and non-UK administration companies;
 - Negotiating and agreeing a debt for equity swap;
 - Issuing a notice to increase the interest rate ahead of an interest reset date to encourage refinancing the senior lender loan;
 - Coordinating with a JV partner to agree a potential sale of private hospital facilities, (including facilities where Lehman does not have an interest) to make the investment more attractive to institutional investors;
 - Negotiating with tenants to remove lease break clauses;
 - Managing development remedial works to meet warranties provided as part of the sale;
 - Commencing negotiations with Lehman Brothers Bankhaus AG ("Bankhaus") to release a land charge for a senior loan repaid in full;
 - Agreeing the reimbursement of legal fees incurred; and
 - Agreeing share sales to JV partners.
- Pursued, and agreed to, 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;
 - Following extensive negotiations, negotiated the transfer of £38.5m cash held by Bankhaus to LB UK RE's subsidiaries in the Period;
 - Negotiated with and taken legal steps against buyers of assets for non-payment of deferred consideration for completed asset sales;
 - Instigated and managed solvent subsidiary liquidations resulting in distributions of trapped cash;
 - Responded to the Pension Regulator with regard to the Financial Support Direction ("FSD") warning notices served to LB UK RE's solvent real estate subsidiaries;
 - Worked with local Italian tax advisers in respect of 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
 - Completed a further strategy review of all the real estate companies with the view to liquidating them in an orderly manner based on anticipated final asset sales and realisations.

Future strategy

The Administrators will continue to:

- Work with and manage JV partners, local asset managers and letting agents to improve the performance and value of the assets;
- 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; and
- Actively identify, negotiate and complete realisation opportunities where appropriate.

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 initially 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 £376.8m.

In the Period a first interim distribution of £1.3m was received in respect of the Company's investment in the Cirrus Master Fund. The Company also benefitted in the Period from a minority share transfer in another external hedge fund which will improve LB UK RE's ultimate recovery from this asset. Approximately £0.2m has been received from redemptions made by the Bluebay Multi Strategy Fund in the Period. The total realisations from this fund now amount to £29.4m. These investments in external hedge funds continue to be monitored, but their realisations are not within LB UK RE's control. The fund managers however continue to make progress in their recovery of assets into the underlying funds.

The Administrators are continuing to pursue a hold strategy in relation to two remaining small stakes in illiquid companies.

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:

- Worked with the Lehman inter-company workstream to ensure that claims were submitted 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 \$1.08bn against affiliates. These include trust asset claims, guarantee claims and general inter-company claims;
- In conjunction with other UK affiliates, reached agreement with LBHI and its US debtor affiliates in Chapter 11 to settle all claims between them. The agreement was executed on 24 October 2011 by LBHI and certain US debtor affiliates and by LB UK RE and certain UK affiliates. The settlement agreement was disclosed within the plan supplement filed by the Chapter 11 entities on 25 October 2011, which formed part of the plan confirmed by the US Bankruptcy Court on 6 December 2011.

The settlement agreement became fully binding and operational when the plan became effective on 6 March 2012. LB UK RE received a first dividend from LBHI and its US debtor affiliates of \$1m in April 2012 and a second dividend of \$0.8m on 1 October 2012. A further dividend is expected in April 2013. The quantum and timing of additional future dividends are uncertain;

- Continued the ongoing process of investigating inter-company balances and, as part of this, in April 2012 submitted to LBIE both an unsecured claim in the sum of £44.8m,

subsequently admitted in at £43.2m, and a revised trust asset claim;

- Received £10.9m in the Period from LBIE as a first dividend payment on the unsecured claim. Further dividend receipts from insolvent debtor affiliates totalled £0.5m.

As previously reported, the trust asset claim against LBIE was successfully concluded in August 2012 resulting in recoveries totalling £198.0m; and

- Following the claims agreement process in 2012, the Administrators agreed all but one of the inter-company creditor balances.

Future Strategy

The Administrators will continue to:

- Progress resolution of the creditor claim submitted but not yet agreed; and
- Work with the Lehman inter-company workstream to evidence and submit claims to meet future bar dates.

2.5 Other issues

Pension issues

As noted in our last report, the Upper Tribunal declined to grant the strike-out application that was brought by LB UK RE and 36 other entities in relation to the Trustees' referral to the Upper Tribunal relating to the FSD proceedings. The Upper Tribunal's decision has been appealed and is listed to begin in the Court of Appeal on 29 April 2013.

LB UK RE is still at risk of a FSD being imposed against it and, consequently, will have to hold a significant pension liability reserve. The Administrators have investigated options which would enable them to reduce the reserve in order to release funds to creditors, but it has not proved possible to date to implement any of these. The Administrators will continue to explore these options.

Tax issues

The corporation tax computations and returns up to the year ended 14 September 2010 have been submitted to HM Revenue and Customs. The corporation tax computation for the year ended 14 September 2011 has been drafted and will be submitted shortly. Tax computations have been agreed for all periods up to 14 September 2009, with substantial losses being carried forward to set off against future profits.

A total of £6.1m and £5.1m have been recovered to date in respect of corporation tax repayments and group relief respectively, of which £1.1m was received in the Period. A further £0.3m is expected by 3 June 2013 in respect of the offset of losses surrendered to other Lehman Group entities for the period ended 14 September 2010. Further recoveries for group relief for subsequent periods may be available, but these have yet to be finalised.

A further Value Added Tax ("VAT") repayment of £1.1m has been received in the period in respect of VAT returns for the periods ended November 2011 and February 2012. The VAT returns for periods ending 31 May 2012, 31 August 2012 and 30 November 2012 have been submitted and are awaiting HM Revenue and Customs agreement. The Administrators are expecting a £0.9m repayment in relation to these returns.

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. JG Parr was appointed Joint Administrator and MJA Jervis and DA Howell ceased to be Joint Administrators by order of the Court on 22 March 2013.
<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 have indicated a range of 55.6 to 72.6 pence in the pound to creditors however this is subject to a number of uncertainties and assumes no future pension liability.
<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>	Such an application is considered unlikely.
<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.

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 £2.2m plus VAT for the period from 1 July 2012 to 31 January 2013.

At the meeting of the Committee held on 3 December 2012 the Committee approved the Administrators' time costs for the period 1 March 2011 to 30 June 2012 totalling £6.9m plus VAT and category 2 disbursements of £0.1m plus VAT.

The Administrators have drawn remuneration of £38.4m plus VAT in total since the commencement of the Administration.

The time cost analyses and narratives for the period from 1 July 2012 to 31 December 2012 have been submitted to the Committee. Time costs for this period total £2.6m, which represents 6,127 hours at an average hourly rate of £427, excluding VAT and are currently under the Committee's review.

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 2012 to 31 December 2012:

Grade	Hours	Costs (£'000)
Partner	285	242
Director	927	625
Senior Manager	2,850	1,637
Manager	2,840	1,150
Senior Associate	3,613	1,142
Associate	1,744	372
Total	12,259	5,168

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

Activity	Hours	Costs (£'000)
Working assets/realisations	4,037	1,962
Strategy, administration, planning and compliance	4,101	1,640
Tax and VAT	941	505
Creditors, intercompany and LB UK RE group companies	1,422	541
Treasury	1,250	362
Central services	508	158
Total	12,259	5,168

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.

Court application with regard to Administrators' time costs

At the meeting of the Committee held on 3 December 2012, the Committee approved fees, totalling £1.2m plus VAT, in respect of the aborted sale of a portfolio of SNPL assets in 2009. These fees have now been drawn which concludes this matter.

Receipts and payments account

An account of the receipts and payments in the Administration for the six months to 14 March 2013, and a cumulative total since commencement of the Administration, is set out in Section 5 of this report.

Significant receipts in the Period include:

- £21.7m in respect of principal and interest income from the SNPL portfolios;
- £0.7m in respect of income from and the sale of real estate investments;
- £2.2m in respect of realisations from principal investments;
- £1.1m in respect of VAT repayments; and
- £1.2m in respect of corporation tax repayments.

Significant payments in the Period are:

- £5.5m (including VAT) in respect of Office holders' remuneration; and
- £349.1m in respect of the first dividend payment to creditors.

Cash held as at 14 March 2013 totals £240.9m (GBP equivalent).

Section 5 Receipts and payments

RECEIPTS	As at 14 March 2013			As at 14 March 2013 TOTAL (GBP equivalent) GBP (£)	Movements from 15 September 2012 to 14 March 2013 (GBP equivalent) GBP (£)	As at 14 September 2012 (GBP equivalent) RESTATED at 14 March 2013 exchange rate GBP (£)	As at 14 September 2012 (GBP equivalent) GBP (£)
	GBP (£) mil	US (\$) mil	EUR (€) mil	mil	mil	mil	mil
SNPL recoveries	3.5	57.9	273.2	277.5	21.7	255.8	239.9
Real Estate recoveries	7.7	0.1	29.2	32.9	0.7	32.2	30.7
Principal investments	60.3	229.2	190.2	376.8	2.2	374.6	353.3
Other recoveries	1.5	-	-	1.5	-	1.5	1.5
Distributions received	10.9	1.8	-	12.1	11.6	0.5	0.5
Internal currency transfer *	455.1	2.6	-	456.9	11.8	445.1	444.9
Corporation Tax repayments	11.2	-	-	11.2	1.2	10.0	10.0
VAT repayments	3.9	-	-	3.9	1.1	2.8	2.8
Interest	0.3	1.0	2.7	3.3	0.3	3.0	2.8
Receipts Grand Totals	554.4	292.6	495.3	1,176.1	50.6	1,125.5	1,086.4
PAYMENTS							
Building and occupancy costs	5.5	-	-	5.6	0.1	5.5	5.5
Payroll and employee costs	15.5	-	2.7	17.8	1.7	16.1	16.0
Legal fees	13.4	-	0.9	14.2	1.4	12.8	12.8
Insurance premiums	2.1	-	0.2	2.3	0.1	2.2	2.2
Principal investments	-	0.3	-	0.2	-	0.2	0.2
Acquisition of Portuguese loan portfolio	-	-	7.3	6.3	-	6.3	5.9
Office holders' remuneration	45.4	-	-	45.4	5.5	39.9	39.9
Office holders' disbursements	0.3	-	-	0.3	0.1	0.2	0.2
Other professional fees	1.5	-	1.5	2.8	0.2	2.6	2.5
Distribution to unsecured creditors	349.1	-	-	349.1	349.1	-	-
Real Estate valuation costs	0.2	-	-	0.2	-	0.2	0.2
Firstcity credit facility	-	-	1.5	1.3	-	1.3	1.2
Internal currency transfer *	1.7	125.3	469.3	489.7	12.1	477.6	447.4
Payments Grand Totals	434.7	125.6	483.4	935.2	370.3	564.9	534.0
NET POSITION	119.7	167.0	11.9	240.9	-	560.6	552.4
CASH BALANCES							
HSBC	2.6	0.1	0.6	3.2	-	-	-
Bank of New York	3.4	-	-	3.4	-	-	-
Money markets	113.7	166.9	11.3	234.3	-	-	-
Total Cash	119.7	167.0	11.9	240.9	-	560.6	552.4

Exchange rates as at 14 September 2012:

US\$ 1 : GBP	0.6155
EURO €1 : GBP	0.8093

Exchange rates as at 14 March 2013:

US\$ 1 : GBP	0.6643
EURO €1 : GBP	0.8624

Amounts include VAT where applicable

* The difference in total GBP equivalent arises from the exchange rate movement between the end of each reporting period. No actual losses on currency were made in the Period.

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