

LB UK Financing Limited – in Administration

Joint Administrators' progress report for the period 2
October 2009 to 1 April 2010

29 April 2010

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Section 1: Purpose of the Joint Administrators' progress report

Introduction

This is the third progress report by the Joint Administrators of LB UK Financing Limited ("LBUKF" or the "Company").

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 1 April 2010.

Objectives of the Administration

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

The specific aim of this Administration is to protect, control and realise the Company's investments in subsidiaries, for the benefit of the unsecured creditors of LBUKF.

Outcome for unsecured creditors

Due to the complexity of the intercompany relationships and the impact of insolvency on the subsidiary, the Administrators remain uncertain of the timing or quantum of any dividend to unsecured creditors.

Extension of the Administration

On the application of the Administrators, the High Court made an Order extending the period of the Administration to 30 November 2010.

Additional Administrators

Steven Anthony Pearson and Michael John Andrew Jervis were appointed as additional Administrators on 30 November 2009.

SA Pearson and MJA Jervis are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered

Accountants in England and Wales.

AV Lomas, DY Schwarzmann and DA Howell continue to act as Joint Administrators.

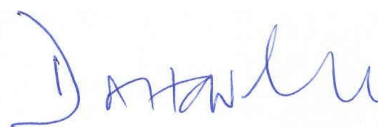
Change of business address

The Company has relocated from 25 Bank Street and all future correspondence should be addressed to Level 23, 25 Canada Square, London, E14 5LQ.

Future reports

The Administrators will next report to creditors in approximately six months time or when the Administration comes to an end, whichever is sooner.

Signed:



DA Howell
Joint Administrator
LB UK Financing Limited

Section 2: Joint Administrators' actions to date

Overview

LBUKF acted as the holding company and funding vehicle for LB SF No 1 ("LBSF"). LBSF invested in subsidiaries involved in a variety of performing and non-performing loans.

Administrators' actions to date

The Administrators are monitoring the sole known asset of the Company, its investment in LBSF. The level of realisations within LBSF will determine the final level of realisations of LBUKF.

Extension of the Administration

The Administrators will decide in due course whether a further extension of the Administration is necessary.

Section 3: Statutory and other information

Court details for the Administrations:	High Court of Justice, Chancery Division, Companies Court Case no: 8604 of 2008
Full names:	LB UK Financing Limited
Trading names:	LB UK Financing Limited
Registered numbers:	05729776
Registered address:	Level 23, 25 Canada Square, London E14 5LQ
Company directors:	D Gibb (resigned 17/07/09), IM Jameson (resigned 17/07/09), AJ Rush (resigned 28/10/08)
Company secretary:	ESE Upton (resigned 25/01/10), P Dave (resigned 25/01/10)
Shareholdings held by the directors and secretary:	None of the directors own shares in the Company.
Date of the Administration appointments:	2 October 2008.
Administrators' names and address:	DA Howell, D Y Schwarzmman, SA Pearson, MJA Jervis and AV Lomas of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT.
Appointor's name and address:	The directors of the Companies, 25 Bank Street, London E14 5LE.
Objective being pursued by the Administrators:	Achieving a better result for creditors as a whole than would be likely if the Company was wound up (without first being in Administration).
Division of the Administrators' responsibilities:	In relation to paragraph 100(2) Sch.B1 IA86, during the period for which the Administrations are 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.
Details of any extensions for the initial period of appointment:	The Court has granted an extension of the Administration to 30 November 2010.
Proposed end of the Administrations:	The Administrators are not yet in a position to determine the most likely exit route from these Administrations and wish to retain the options available to them.
Estimated dividend for unsecured creditors:	It is too early to estimate the likely dividend for the unsecured creditor.
Estimated values of the prescribed part and net property:	There is no prescribed part.
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	Not applicable.
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to these Administrations and these are the main proceedings.

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").

There are insufficient creditors in this case to enable a Creditors Committee to be formed. Therefore it will be the general body of creditors who will be asked to approve the basis and level of the Administrators' remuneration and Category 2 disbursements.

No remuneration has been drawn to date, as this may only be drawn when appropriate approval has been received. No funds are available to pay such remuneration in any event.

Receipts and payments account

Set out in Section 5 of this report is a receipts and payments account for LBUKF, for the period from 2 October 2009 to 1 April 2010. No transactions have occurred in the six month period under review.

Section 5: Receipts and Payments account

	As at 1 April 2010 GBP (£)	Movements GBP (£)	As at 1 October 2009 GBP (£)
RECEIPT			
Loan from LBIE	1,123	-	1,123
Receipts Grand Totals	1,123	-	1,123
PAYMENT			
Statutory advertising	967	-	967
VAT paid	156	-	156
Payments Grand Totals	1,123	-	1,123
NET POSITION	-	-	-
CASH BALANCES			
Bank of England	-		-
HSBC	-		-
Money market deposits	-		-
Total Cash	-		-