

The Insolvency Act 1986

Administrators' progress report

Name of Company Monaco NPL (No 1) Limited	Company number 05432398
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In the High Court of Justice, Chancery Division	Court case number 9580 of 2008
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[full name of court]

(a) Insert full name(s) and
address(es) of
administrator(s)We (a) Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram Schwarzmann,
Michael John Andrew Jervis and Derek Anthony Howell of

PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates

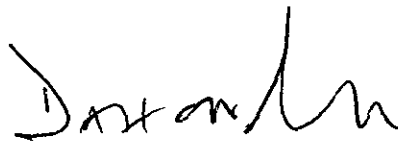
from

to

(b) 29 April 2011

(b) 28 October 2011

Signed



Joint Administrator

Dated 23 November 2011

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

PricewaterhouseCoopers LLP	
7 More London Riverside, London, SE1 2RT	
	Tel 0207 583 5000
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at
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Monaco NPL (No. 1) Limited – In Administration

Joint Administrators' progress
report for the period 29 April 2011 to
28 October 2011

23 November 2011

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the sixth progress report by the Joint Administrators of Monaco NPL (No 1) Limited ("Monaco" 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 in the six months to 28 October 2011.

Objectives of the Administration

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

The specific aims of this Administration are to:

- Protect, manage and realise the Company's assets; and
- Agree creditors' claims and, if applicable, make a distribution to creditors.

Outcome for creditors

At this time the Administrators are unable to provide a reliable estimate of the likely dividend prospects to ordinary unsecured creditors as there are uncertainties regarding future realisations

As previously advised, the Pensions Regulator listed Monaco as one of the Lehman companies from which it was seeking a Financial Support Direction ("FSD") in relation to the Lehman Brothers Pension Scheme.

The Determinations Panel of the Pensions Regulator issued a Determination Notice on 13 September 2010 which stated that an FSD should not be issued against Monaco

As the FSD legal process has not yet been completed, the Administrators are not certain at this stage that Monaco will not have a liability under an FSD.

Given this ongoing process, the timing of any initial dividend to creditors remains uncertain.

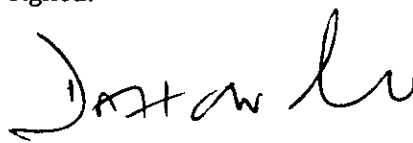
Extension of the administration

On the application of the Administrators, the High Court made an Order to further extend the period of the Administration to 30 November 2012.

Future reports

The Administrators will next report to creditors in approximately six months

Signed:



DA Howell
Joint Administrator
Monaco NPL (No 1) Limited

AV Lomas, SA Pearson, DY Schwarzmann, MJA Jervis and DA Howell were appointed as Joint Administrators of Monaco NPL (No 1) Limited to manage its affairs, business and property as agents without personal liability AV Lomas, SA Pearson, DY Schwarzmann, MJA Jervis and DA Howell are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

Section 2 Joint Administrators' actions to date

Overview

Monaco was incorporated to manage investments in portfolios of non-performing secured loans acquired with funding provided by Lehman Brothers Holdings, Inc.

The majority of the loans were securitised into a special purpose vehicle and Monaco retained a small portfolio of loans with unpaid principal balance of c \$10 million. This portfolio comprised 19 outstanding loans secured against eight properties

The Administrators are currently implementing a 'hold' strategy with the loans to enhance realisations and are working closely with Immoform GmbH ("Immoform"), a third party agent, to ensure that the loans continue to be serviced.

Administrators' actions to date

Following their appointment, the Administrators put in place a realisation strategy working with Immoform.

Immoform is currently holding net sales proceeds of €996k which will shortly be transferred to the Administrators. There are only three loans outstanding which Immoform are looking to close out shortly.

On 11 October 2011, the Administrators entered into a settlement agreement with Lehman Brothers Holdings Inc ("LBHI"), which will become effective when LBHI's Plan of Reorganisation is approved by the court and itself becomes effective. Pursuant to this agreement, Monaco has agreed LBHI and Lehman Commercial Paper Inc.'s creditor claims of c £62.3m and c.£5k respectively. Furthermore, Monaco has agreed Lehman Brothers Special Financing Inc.'s debtor position of c \$3m.

Outstanding matters

The Administrators regularly review and monitor the work of Immoform and have agreed a reporting framework going forward. The purpose of this is to ensure that the portfolios are properly monitored to allow value to be realised as soon as it is possible to do so

Based on current information, it is anticipated that Monaco will receive a further £1.4m in respect of the sale of tax losses to group companies.

Section 3 Statutory and other Information

<i>Court details for the Administration</i>	High Court of Justice, Chancery Division, Companies Court - case 9580 of 2008
<i>Full name</i>	Monaco NPL (No.1) Limited
<i>Trading name</i>	Monaco NPL (No 1) Limited
<i>Registered number</i>	05432398
<i>Registered address</i>	Level 23, 25 Canada Square, London E14 5LQ, United Kingdom
<i>Company directors</i>	MD Gollin, D Gibb (resigned 17/07/09), IM Jameson (resigned 17/07/09), AJ Rush (resigned 17/07/09), S Staid (resigned 05/01/09)
<i>Company secretary</i>	P Dave (resigned 25/01/10), 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>	29 October 2008
<i>Administrators' names and addresses</i>	DA Howell, DY Schwarzmman, SA Pearson, MJA Jervis and AV Lomas of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
<i>Appointer's name and address</i>	The directors of the Company, 25 Bank Street, London E14 5LE
<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>	The current Joint Administrators of Monaco are DA Howell, AV Lomas, MJA Jervis, SA Pearson and DY Schwarzmman of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT. 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 first and second extensions were granted by the High Court of Justice until 30 November 2010 and 30 November 2011 respectively. A third extension has now been granted by the High Court of Justice until 30 November 2012
<i>Proposed end of the Administration</i>	The Administrators wish to retain various exit options available to them however the most likely exit route from the Administration is to seek permission to distribute from the administration and proceed to dissolve the Company
<i>Estimated dividend for unsecured creditors</i>	Based on current information, it is anticipated that there should be a dividend to unsecured creditors, but it is too early to estimate the quantum and timing of such a dividend
<i>Estimated values of the prescribed part and Monaco's net property</i>	There is no prescribed part as there is no qualifying floating charge
<i>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86</i>	Not applicable as there is no prescribed part
<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

Section 4 Financial Information

Administrators' remuneration

At the initial meeting of creditors which was held by correspondence on 5 January 2009, creditors resolved that the Administrators' remuneration 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.

Attached at Section 6 is a summary of the Administrators' time costs for the period 1 March 2011 to 30 June 2011, presented in accordance with Statement of Insolvency Practice 9, together with a narrative of the work performed.

Time costs for the period 1 March 2011 to 30 June 2011 are £10,263, which represents 33.8 hours at an average hourly rate of £303.64.

Time cost analyses covering the period 29 October 2008 to 28 February 2011 have been provided previously.

To date, remuneration of £220,283 plus VAT and €22,805 has been drawn in respect of time costs incurred from 29 October 2008 to 30 June 2011.

The Administrators' time costs for the period 1 July 2011 to 23 October 2011 are estimated at £15,003. Please note that the estimate is an approximation of the time costs incurred and has not yet been approved internally for reporting and billing. Owing to the size and complexity of the Lehman Brothers companies in administration, only an estimate of the time costs has been provided as there is a delay in providing time costs information to ensure its accuracy and integrity.

Receipts and payments account

An account of the receipts and payments in the Administration showing movements for the six months to 28 October 2011 is shown overleaf.

Section 5 Receipts and Payments Account

	As at 28 October 2011		As at 28 April 2011		Movements	
	GBP (£)	EUR (€)	GBP (£)	EUR (€)	GBP (£)	EUR (€)
Receipts						
Recoveries on loan portfolio	-	502,138	-	502,138	-	-
Receipt from sale of tax losses	6,909	-	6,249	-	660	-
Tax Repayment	300,000	-	300,000	-	-	-
Interest on tax repayment	38,757	-	38,757	-	-	-
Cash at bank	-	288,047	-	288,047	-	-
Total Receipts	345,666	790,185	345,006	790,185	660	-
Payments						
Legal fees	5,901	-	-	-	5,901	-
Gross wages & salaries	3,167	-	479	-	2,688	-
Office holders' fees	220,283	22,805	191,569	22,805	28,714	-
Office holders' category 1 disbursements	1,612	-	1,612	-	-	-
Bank charges	40	31	40	31	-	-
Statutory advertising	1,321	-	1,321	-	-	-
VAT Paid	36,862	3,421	30,378	3,421	6,484	-
Total Payments	269,186	26,257	225,399	26,257	43,787	-
Intracompany transfer						
Payment	-	(755,000)	-	(755,000)	-	-
Receipt	632,331	-	632,331	-	-	-
Net position	708,811	8,928	751,938	8,928	(43,127)	-
Cash balances						
HSBC (Non-interest bearing)	708,811	8,928	751,938	8,928	(43,127)	-
Total Cash	708,811	8,928	751,938	8,928	(43,127)	-

Note: The total cash in hand at the exchange rate on 28 October 2011 is £716,538

Section 6 Joint Administrators' time costs for the period 1 March 2011 to 30 June 2011

Classification of work	Partner / Director		Senior Manager / Manager		Senior Associate		Associate / Support staff		Total	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£
Accounting and Treasury	-	-	1.0	395	2.9	860	0.7	147	4.6	1,402
Asset Realisation	-	-	1.4	553	-	-	-	-	1.4	553
Statutory and Reporting	-	-	2.8	1,129	3.9	1,287	6.8	1,428	13.5	3,844
Strategy and Planning	1.0	800	0.4	158	4.7	1,551	3.3	682	9.4	3,191
LBL recharges	0.1	80	2.3	781	1.6	311	0.9	101	4.9	1,273
Grand Total	1.1	880	7.9	3,016	13.1	4,009	11.7	2,358	33.8	10,263

The Joint Administrators' policy for charging for disbursements is:

Photocopying is charged at 3p per sheet for creditors and bulk copying
Mileage is charged at a maximum of 62p per mile (up to 2000cc) or 81p per mile (over 2000cc)
All other disbursements are charged at cost

	Costs to date (£)
	-
Total	-

Current charge out rates	BRS	Specialist*
Grade	Max £/hr	Max £/hr
Partner	800	980
Director	610	890
Senior manager	470	830
Manager	395	605
Senior Associate	330	330
Associate / Support Staff	210	195

The Administrators' remuneration has been fixed by reference to the time properly given by the joint administrators and their staff in attending to matters arising in the administration. The remuneration is to be paid as and when funds become available at the charge-out rates shown for the various grades of staff who may be involved in this administration.

*Specialist departments within PricewaterhouseCoopers LLP such as Tax, VAT and Pensions do sometimes charge a number of hours should we require their expert advice. Their rates do vary however the figures shown give an indication of the maximum rate per hour.

In common with all professional firms the scale rates used by the Joint Administrators from PricewaterhouseCoopers LLP may periodically rise (for example to cover annual inflationary cost increases) over the period of the Administration. Any material amendments to these rates will be advised to the creditors in the next statutory report.

Narrative of the Joint Administrators' time costs for the period 1 March 2011 to 30 June 2011

Accounting and Treasury - £1,402

- Monitoring flow of funds into bank accounts,
- Undertaking receipts and payments, and
- Reconciliation of bank accounts.

Asset Realisation - £553

- Reviewing loan portfolio.

Statutory and Reporting - £3,844

- Preparation of the Administrators' fifth progress report and statutory filing;
- Adjudicating on creditor claims;
- Dealing with statutory issues, and
- Maintaining case files and database

Strategy and Planning - £3,191

- Reviewing financial information,
- Updating strategy documents;
- Discussions with advisors regarding pension claims, and
- Distribution planning

IBL Recharges - £1,273

- This is an apportionment of the costs incurred by Lehman Brothers Limited associated with the administration companies