

# Mable Commercial Funding Limited – In Administration

Joint Administrators' progress report for the period  
23 March 2009 to 22 September 2009

22 October 2009

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

## Introduction

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

Creditors will have received the Administrators' proposals (the "Proposals") dated 12 November 2008 which were approved at a meeting of creditors held on 27 November 2008. Creditors will also have received the Administrators' first progress report dated 21 April 2009.

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 2009.

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

## Creditors' Committee

There were no requests from creditors for the formation of a Creditors' Committee.

## Outcome for Creditors

At this time 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 timing and level of any dividend therefore remains uncertain.

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 will in due course seek the approval of the general body of creditors to draw remuneration in respect of costs incurred in this Administration.

## Extension of the Administration

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

## Future reports

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

Signed:



D Y Schwarzmann

Joint Administrator  
Mable Commercial Funding Limited

# Section 2: Joint Administrators action to date

## Business activity

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 and principally operated from the Lehman Group premises at 25 Bank Street.

## Progress to date

The Administrators have:

- Provided input and oversight to a sales process that included the assets in which it has a financial interest (the "Mortgage Assets") that were pledged as security for a loan provided by Mable to one of its subsidiaries;

Following receipt of final bids and the conclusion of a hold valuation for the Mortgage Assets, it was determined that they should be held to maximise realisations for creditors and run off by the Administration using a Lehman owned servicing platform Capstone Mortgage Services Limited ("Capstone");

A hold strategy is currently being finalised, to which Mable is providing input as an interested party, that involves Capstone continuing to service the Mortgage Assets with oversight from a Lehman held Asset Management Company;

- Recovered c.£2.6m in respect to a mezzanine loan with another Lehman Brothers group company, Eldon Street (Harley) Limited;
- Concluded an agreement in respect of deep discounted bonds and share options held in an equity release mortgage structure owned by KRS Finance Limited. This generated receipts of c. £714k which is due to be received in October 2009; and
- Concluded an agreement, as shareholder, with the management of the Dutch mortgage servicing company ("ELQ"). This agreement has formalised the orderly run-off of ELQ for

the benefit of ELQ's creditors;

- Submitted claims into the Lehman Bankhaus AG and Lehman Brothers Holdings Inc for amounts due.

Cash flows from principal and interest receipts of £8.2m have been recovered in the period;

## Future strategy

The Administrators will continue to:

- Protect the value of Mable's shareholdings in a number of subsidiaries, the majority of which are still solvent, in order to maximize potential recoveries for Mable and its creditors;
- Provide input to finalising contractual arrangements with the Lehman held Asset Management Company appointed to oversee the Mortgage Assets;
- Continue to liaise with management of the underlying Mable subsidiaries to ensure Mortgage Asset proceeds are remitted to Mable;
- Monitor portfolio performance for the Mortgage Assets and challenge portfolio strategy; and
- Submit further intercompany claims into insolvent estates where necessary.

## Extension of the Administrations

On 28 July 2009 the Administrators made an application to Court to extend the period of the Administration. The Court made an Order extending the Administration until 30 November 2010.

The application was made for the following reasons:

- There are various matters in the estate that, in the Administrators' view, would be better dealt with in Administration than in another insolvency process;
- Entering into an insolvency process other than Administration has the effect of breaking the Group of Companies for tax purposes. The Administrators are aware that there are potential tax losses within the

Group which may have value to this estate,  
and which would be lost if the Company  
entered into another insolvency process;  
and

- The Administrators have not yet determined the most appropriate exit route from Administration.

# Section 3: Statutory and other information

<b>Court details for the Administration:</b>	High Court of Justice, Chancery Division, Companies Court - Court Case 8211 of 2008.
<b>Full name:</b>	Mable Commercial Funding Limited
<b>Trading name:</b>	Mable Commercial Funding Limited
<b>Registered number:</b>	2682316
<b>Registered address:</b>	25 Bank Street, London E14 5LE, England.
<b>Company directors:</b>	JC Blakemore, D Gibb, PEJ Hansell, IM Jameson, B Porter, AJ Rush and PR Sherratt.
<b>Company secretaries:</b>	P Dave, M Smith and ESE Upton.
<b>Shareholdings held by the directors and secretary:</b>	None of the directors own shares in the Company.
<b>Date of the Administration appointment:</b>	23 September 2008.
<b>Administrators' names and addresses:</b>	MJA Jervis, AV Lomas, GH Martin, SA Pearson and DY Schwarzmann of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT, England.
<b>Appointer's name and address:</b>	The directors of the Company, 25 Bank Street, London E14 5LE, England.
<b>Objective being pursued by the Administrators:</b>	Achieving a better result for creditors as a whole than would be likely if the Company was wound up (without first being in Administration).
<b>Division of the Administrators' responsibilities:</b>	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.
<b>Details of any extensions of the initial period of appointment</b>	The Court has granted an extension of the Administration to 30 November 2010.
<b>Proposed end of the Administration:</b>	The Administrators are not yet in a position to determine the most likely exit routes from the Administration and wish to retain the options available to them.
<b>Estimated dividend for unsecured creditors:</b>	It is too early to estimate the likely dividend for unsecured creditors.
<b>Estimated values of the prescribed part and Mable's net property:</b>	There is no prescribed part in this matter.
<b>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:</b>	Not applicable.
<b>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):</b>	The European Regulation on Insolvency Proceedings does apply to this Administration and these are the main proceedings.

# Section 4: Financial information

## Statement of Affairs

The Directors have provided their Statement of Affairs (the "Statement"). This Statement is not attached to this report as disclosure of the information therein may adversely impact upon future realisations.

## Administrators' remuneration

By way of context, 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 now for creditors to agree the level of the Administrators' remuneration and Category 2 disbursements. Full details of the Administrators' remuneration will be provided to creditors shortly following this report.

The Administrators will only draw remuneration when appropriate approval has been given and when funds are available to do so.

## Receipts and payments account

An account of the receipts and payments in the Administration for the six months to 22 September 2009, 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 :

- £2.6m in respect of the repayment of intercompany loan; and
- £8.2m in respect of income from interest and investments

Significant payments in the period covered by this report are:

- £0.45m in respect of building and occupancy costs;
- £0.56m in respect of payroll and employee costs; and
- £0.73m in respect of legal fees.

Net receipts as at 23 September 2009 total \$24.4m.

# Section 5: Receipts and payments

	As at 22 September 2009		As at 22 March 2009	Movements
	GBP (£'000)	Total (USD Equivalent) (\$'000)	Total (USD Equivalent) (\$'000)	(USD Equivalent) (\$'000)
<b>RECEIPT</b>				
Loan repayment	2,594	4,247	-	4,247
Income from investments	14,406	23,588	8,891	14,697
<b>Receipts Grand Totals</b>	<b>17,000</b>	<b>27,835</b>	<b>8,891</b>	<b>18,944</b>
<b>PAYMENT</b>				
Building and occupancy cost	564	923	164	759
Payroll and employee costs	660	1,080	138	942
Legal fees	753	1,233	28	1,205
Insurance premium	101	165	-	165
Office holder's category 1 disbursements	11	18	-	18
Other professional fees	12	20	-	20
<b>Payments Grand Totals</b>	<b>2,101</b>	<b>3,440</b>	<b>330</b>	<b>3,110</b>
<b>NET POSITION</b>	<b>14,899</b>	<b>24,395</b>	<b>8,561</b>	<b>15,834</b>
<b>CASH BALANCES</b>				
HSBC	1,693	2,772		
Money markets	13,206	21,624		
<b>Total Cash</b>	<b>14,899</b>	<b>24,395</b>		

USD equivalent is for information purposes only.

Rates used for conversion are Financial Times rates on 22 September 2009:

1 GBP = 1.6374 US\$,

1 € = 1.4793 US\$

Receipts and payments are inclusive of VAT where applicable.