
Eldon Street Holdings Limited – In Administration

Joint Administrators' progress
report for the period 9 June 2010 to
8 December 2010

6 January 2011

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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 Eldon Street Holdings Limited ("Eldon Street" or the "Company") pursuant to Rule 2.47(3)(a) of the Insolvency Rules 1986.

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 8 December 2010.

Objectives of the Administration

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

The specific aims of this Administration are to:

- Protect and control the Company's assets; and
- Maximise value for the Company from its real estate interests, inter-company debtors and shareholdings in subsidiary companies.

Outcome for creditors

The Administrators are unable to provide a reliable estimate of the timing or quantum of any dividend to unsecured creditors as there are uncertainties regarding future net realisations.

Paragraph 65(3) of Schedule B1 of the Insolvency Act 1986 ("IA86") states that an administrator cannot make a distribution to creditors unless permission to do so is granted by the Court. The Administrators had intended to make such an application in 2010. However, this has been delayed because the Pensions Regulator listed Eldon Street 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 Eldon Street. However, as the

FSD legal process has not yet been completed, the Administrators are not certain at this stage whether Eldon Street will have liability under an FSD.

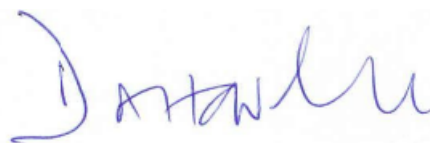
Extension of the administration

On the application of the Administrators, the High Court made an Order to further extend the period of the Administration to 30 November 2011.

Future reports

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

Signed:



DA Howell
Joint Administrator
Eldon Street Holdings Limited

Section 2 Joint Administrators' actions to date

Overview of the Company Business

Eldon Street's purpose was to be a holding company for a number of the Lehman Brothers group real estate investments.

The two key categories of Eldon Street's assets are intercompany receivables and direct equity investments.

Administrators' actions to date

The amount due from the intercompany receivables remains uncertain at this time. The Administrators have submitted claims in a number of debtor estates, although none of those claims have been formally admitted yet. We are working with debtors to ensure that claims are fully evidenced, thereby ensuring that realisations to Eldon Street are maximised.

It is anticipated that there will be realisations from Eldon Street's subsidiary investments however the timing and quantum of the realisations remains uncertain.

The Administrators continue to work closely with the independent directors appointed to a number of the solvent Eldon Street subsidiaries and have met payments on behalf of those subsidiaries which have no immediately available cash resources. Such payments are only being made where the Administrators expect a greater recovery from the subsidiary.

The Administrators have prepared and submitted tax and financial accounts to the relevant authorities. Eldon Street has received a corporation tax refund of £31.5k and £18k from the sale of tax losses. £191k has been received in respect of a refund of the Company's share of tax function costs paid between 2004 and 2007.

Dividend Prospect

The Administrators anticipate a dividend will be paid to unsecured creditors but are not yet able to estimate the value or timing of any such dividend.

Section 3 Statutory and other Information

<i>Court details for the Administration:</i>	High Court of Justice, Chancery Division, Companies Court - case 11056 of 2008
<i>Full name:</i>	Eldon Street Holdings Limited
<i>Trading name:</i>	Eldon Street Holdings Limited
<i>Registered number:</i>	04108165
<i>Registered address:</i>	Level 23, 25 Canada Square, London E14 5LQ
<i>Company directors:</i>	IM Jameson (resigned 17/07/09), AJ Rush (resigned 17/07/09)
<i>Company secretary:</i>	M Smith (resigned 25/01/09), 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>	9 December 2008
<i>Administrators' names and addresses:</i>	DA Howell, AV Lomas, DY Schwarzmann, SA Pearson and MJA Jervis of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT
<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 Eldon Street's creditors as a whole than would be likely if Eldon Street was wound up (without first being in Administration).
<i>Division of the Administrators' responsibilities:</i>	Statement of Power for the purposes of paragraph 100(2) Schedule B1 to the Insolvency Act 1986. The Directors of Eldon Street Holdings Limited (the "Company") have appointed AV Lomas, DY Schwarzmann and DA Howell of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT as joint administrators of the Company. The joint administrators will act jointly and severally so that all functions may be exercised by any or all of them. Further to the appointment of MJA Jervis and SA Pearson as additional Administrators, any act required of authorised under any enactment to be done by any or all of the joint administrators may be done by one or more of the persons for that time being holding office.
<i>Details of any extensions of the initial period of appointment:</i>	An extension was granted by the High Court of Justice until 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>	The Administrators expect to pay a dividend, though it is too early to estimate the likely timing and quantum.
<i>Estimated values of the prescribed part and Eldon Street's net property:</i>	Not applicable as there is no prescribed part
<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 meeting of creditors which was held by correspondence on 13 February 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.

To date, the Administrators have not yet drawn remuneration.

Receipts and payments account

An account of the receipts and payments in the Administration to 8 December 2010 is set out overleaf.

As stated earlier, certain costs have been incurred on behalf of subsidiaries.

Section 5 Receipts and payments account for the period ended 8 December 2010

	As at 8 Dec 2010			As at 8 Jun 2010			Movements		
	GBP (£)	EUR (€)	SEK	GBP (£)	EUR (€)	SEK	GBP (£)	EUR (€)	SEK
Receipts									
Assets held on Trust - Boulton	-	-	18,054,000	-	-	18,054,000	-	-	-
Assets held on Trust - Harley	323,400	-	-	19,600	-	-	303,800	-	-
Assets held on Trust - Parkmetro	678,563	-	-	-	-	-	678,563	-	-
Assets held on Trust - Scalescene	-	100,000	-	-	100,000	-	-	-	-
Corporation Tax Refund	31,500	-	-	-	-	-	31,500	-	-
Dividends from subsidiary	300,000	-	-	300,000	-	-	-	-	-
Interest	11,271	-	-	2,217	-	-	9,054	-	-
Loan from LBIE	442	-	-	-	-	-	442	-	-
Recovery of intercompany loan	280,000	-	-	280,000	-	-	-	-	-
Sale of tax losses	17,596	-	-	-	-	-	17,596	-	-
Tax function cost recharge	190,800	-	-	-	-	-	190,800	-	-
Third Party Funds	34,745	500,000	-	-	-	-	34,745	500,000	-
Total Receipts	1,868,317	600,000	18,054,000	601,817	100,000	18,054,000	1,266,500	500,000	-
Payments									
Accountants fees	13,250	-	-	-	-	-	13,250	-	-
Assets held on trust - Harley	303,800	-	-	-	-	-	303,800	-	-
Assets held on trust - Parkmetro Ltd	678,563	-	-	-	-	-	678,563	-	-
Bank charges	52	51	264	52	36	34	-	15	230
Consultancy fees	5,471	-	-	-	-	-	5,471	-	-
Employee expenses	5,334	-	-	5,334	-	-	-	-	-
Gross wages	3,586	-	-	-	-	-	3,586	-	-
Legal fees	25,156	-	-	2,939	-	-	22,217	-	-
Office costs	1,341	-	-	-	-	-	1,341	-	-
Payments on Behalf of Subsidiaries	222,105	-	-	173,587	-	-	48,518	-	-
Professional fees	94,870	-	-	94,870	-	-	-	-	-
Registrars fees	400	-	-	-	-	-	400	-	-
Repayment of loan from LBIE	442	-	-	-	-	-	442	-	-
Statutory costs	4,320	-	-	3,936	-	-	384	-	-
Third Party Funds	-	60,000	-	-	-	-	-	60,000	-
VAT	37,185	-	-	27,745	-	-	9,440	-	-
Total Payments	1,395,875	60,051	264	308,463	36	34	1,087,412	60,015	230
Net Position	472,442	539,949	18,053,736	293,354	99,964	18,053,966	179,088	439,985	(230)
Cash Balances									
HSBC (interest bearing)	472,442	539,949	18,053,736	293,354	99,964	18,053,966			
Total Cash	472,442	539,949	18,053,736	293,354	99,964	18,053,966			

