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

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

12 October 2012

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the eighth 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' previous progress reports.

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 September 2012 ("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 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 this 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 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 Creditors' Committee. The Administrators have met with the Creditors' Committee four times, the latest meeting having been held on 31 January 2011.

LBHI Proposal

As previously reported, LBHI has indicated a desire to use a company voluntary arrangement ("CVA") process to compromise liabilities and assume control of LB UK RE. LBHI made a further proposal in this regard in January 2012.

On 29 March 2012 the Administrators met with LBHI to discuss the CVA proposal in detail. Following the meeting, LBHI provided the Administrators with a draft CVA proposal on 17 April 2012.

On 1 June 2012 LBHI applied to the Court pursuant to paragraph 74 of Schedule B1 to the Insolvency Act 1986.

On 3 July 2012 an informal creditors' meeting was held to communicate the details of LBHI's CVA proposal.

On 24 July 2012, another informal creditors' meeting was held to discuss the proposal. LBHI subsequently produced a revised CVA proposal which was distributed to creditors on 2 August 2012.

Further discussions between the Administrators, LBHI and the creditors led to an informal meeting of creditors on 4 October 2012 where LBHI presented the following proposal to creditors, which is not based on a CVA:

A one time distribution of 63 pence in the pound would be made by 30 November 2012 in full and final payment of claims (net of the 30 pence interim distribution made on 27 September 2012 as

described below). LBHI controlled affiliates would bear the risk of the potential pension liability.

The proposal is subject to acceptance by all non-LBHI creditors. The non-LBHI creditors are currently considering this revised proposal and at the date of this report some creditors have declined this proposal. The Administrators will continue to engage in dialogue with LBHI in order to seek the best result for creditors as a whole.

First interim distribution

On 19 June 2012 the Court made an order pursuant to paragraph 65(3) of Schedule B1 to the Insolvency Act 1986 granting permission to the Administrators to make a distribution to creditors. A last date for proving claims was subsequently set for 27 July 2012. On 27 September 2012 the Administrators paid a first interim dividend of 30 pence in the pound to creditors with agreed claims. A total of £377,296,499.74 was paid by way of dividend.

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

AV Lomas, SA Pearson, DY Schwarzmann, MJA Jervis and DA Howell were appointed as Joint Administrators of LB UK RE Holdings 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.

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 £94.3m. This was in large part due to the conclusion in August 2012 of final negotiations with Lehman Brothers International (Europe) (in administration) (“LBIE”) in relation to the return of the trust assets. In total £191.8m was paid by LBIE to LB UK RE in the Period, of which £82.5m is related to SNPL portfolios. This brings the cumulative SNPL portfolio collections during the Administration to £239.9m.

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 portfolio cash collections in line with original projections;
- Continued to support initiatives aimed at improving the performance of the local servicer;
- Continued to work alongside the local servicer in understanding 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:
 - Evaluating a number of third party servicing mandates and securitisations;
 - Exploring opportunities to expand into the primary servicing market.
- Supported the local servicer in the continuing development of its board and corporate governance, including assisting in the search for 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

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 500;

- Successfully completed the sale of a sub portfolio of approximately 300 assets. The maintained collections were slightly above forecast level despite the increasing challenges as the portfolio nears its maturity;
- 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;
- Agreed a trust asset claim with LBIE thereby confirming ownership of all recoveries from the German SNPL portfolio. These recoveries are due to LB UK RE; and
- Commenced initial investigation and planning in relation to the optimal timing and methodology for final closure of the German SNPL portfolio and realisation of all remaining assets.

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, the outstanding number of which is now approximately 775, of which the top 80 debtors account for the vast majority of the remaining value;
- Maintained collection levels broadly in line with forecasts; and
- Initiated an analysis into the potential recoverability of Value Added Tax paid to the servicer, resulting from recent changes in interpretation of Polish tax legislation.

Other portfolios

- Spanish portfolio – the Administrators have commenced closure planning including a review of exit options given the reducing and low level of remaining collections as the portfolio approaches the end of its useful economic life;
- Belgian portfolio – the Administrators have successfully completed a recovery in relation to the only remaining asset with significant value in this portfolio. This has resulted in total

recoveries significantly exceeding the price paid, pre-Administration, for this portfolio. The residual assets will continue to be pursued where cost effective; 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 to date

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 £31.4m 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 £30.7m to date, of which £1.3m 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;
 - Negotiating with senior lenders for early discounted pay-offs ("DPO");
 - Serving a default note on a JV partner with the view of terminating the JV agreement;
 - 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 DPO 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;
 - Converting development loans into term loans;
 - Negotiating compensation for loss of ratchet rights;
 - Defending early prepayment of the mezzanine loan to maintain the value of investments;
 - Negotiating 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;
 - Selling an Italian shell vehicle with a banking licence;
 - Exchanging parental company guarantees for individual assets;
 - 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;
 - Agreeing ownership of issued bonds in an Italian SNPL securitisation and extracting information from the Italian loan servicer to assist with agreeing a new SNPL strategy with the servicer; and
 - Negotiating and agreeing a debt for equity swap.
- Pursued, and agreed to, the appointment to the Asset Management Oversight Committee for assets held by a securitisation vehicle where LB UK RE is entitled to a Deferred Purchase Price (DPP) in excess of the value of the bonds repaid;
 - Negotiated the transfer of: (1) €46.9m cash; and (2) €1.1m of a €2m cash reserve held by Lehman Brothers Bankhaus AG following extensive negotiations;
 - Instigated and managed solvent subsidiary liquidations resulting in distributions of trapped cash;
 - Reinstated a company in order to benefit from a Liquidation distribution;
 - Responded to the Pension Regulator with regard to the financial support direction warning notices served to LB UK RE's solvent real estate subsidiaries;
 - Responded to Department of Energy and Climate Change requests for information to prove that none of LB UK RE's real estate subsidiaries have obligations to carbon tax;
 - 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);
 - Recruited a consultant in Italy to support the management and realisation of the investments in Italy; and
 - Instructed and managed external lawyers to defend a compulsory winding-up order issued by a creditor.

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 £353.3m.

The most significant remaining principal investment was LB UK RE's seed capital holding in certain hedge funds managed by TOBAM (previously Lehman Brothers Asset Management (France)). Realisations from these funds commenced in March 2012 and were completed in July 2012. The total amount realised during the Period was £59.8m.

The proceeds from the realisation of the TOBAM hedge funds formed a part of the trust asset claim against LBIE. As referred to in Section 2.1, negotiations with LBIE in relation to the return of the trust assets were concluded in August 2012 and, of the £191.8m paid by LBIE to LB UK RE in the Period, £109.3m relates to principal investments.

The Company's investment in the RAB Market Cycles Fund was realised in April 2012 and proceeds of £9.9m were received. Investments in two further external hedge funds are being monitored but their realisations are not within LB UK RE's control although the fund managers have

made progress in their recovery of assets in the underlying funds.

Approximately £0.1m has been received from redemptions made by the Bluebay Multi Strategy Fund in the Period, which has now been placed in members' voluntary liquidation with a final dividend expected shortly. The total realisations from this fund now amount to £29.2m.

In addition, one small stake in an unlisted technology company was realised following that company's acquisition, realising £0.1m. The Administrators are continuing to pursue a hold strategy in relation to two remaining minor 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 in principle 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;

- Continued the ongoing process of investigating inter-company balances and, as part of this, in the Period submitted to LBIE both an unsecured claim in the sum of £44.8m and a revised trust asset claim.

As referred to in Section 2.3, the trust asset claim against LBIE was successfully concluded in August 2012; and

- As referred to in Section 1, in the Period the

Administrators invited creditors to submit their claims against LB UK RE. In the resulting claim agreement process the Administrators agreed the majority of the inter-company creditor balances.

Future Strategy

The Administrators will continue to:

- Progress the few remaining claims that have been submitted to ensure these are being driven towards agreement; and
- Work with the Lehman inter-company workstream to continue evidencing and submitting claims to meet future bar dates.

2.5 Other issues

Pension issues

As noted in the last report, in September 2010 the Pensions Regulator's Determinations Panel decided that a Financial Support Direction ("FSD") should be issued to six Lehman companies in relation to the Lehman Brothers Pension Scheme (the "Scheme"), but should not be imposed against LB UK RE and a further 37 Lehman entities. The Administrators also explained that the Panel's decision not to impose a FSD against LB UK RE (and other companies in the same position) had been referred to the Upper Tribunal by the Scheme Trustees, and LB UK RE was therefore still at risk from this potential liability.

LB UK RE (together with 36 other affected entities) applied to the Upper Tribunal, seeking an order that the Trustees' referral to the Upper Tribunal should be struck out on the grounds that it is now no longer possible for the Pensions Regulator to impose a FSD against LB UK RE. The Trustees and the Pensions Regulator opposed the strike-out application and the hearing took place from 12 to 15 March 2012. Judgment was handed down on 14 June 2012 and the Upper Tribunal declined to strike out the Trustees' referral, meaning that LB UK RE is still at risk of a FSD. The Upper Tribunal's decision has been appealed to the Court of Appeal by LB UK RE and the other affected entities and that hearing has now been listed to begin on 29 April 2013.

On this basis, a full reserve of £124m for potential future pension liabilities has been made but the Administrators are investigating certain options which would enable them to reduce the reserve in order to release further funds to creditors in the future.

Tax issues

The corporation tax computations and returns up to the year ended 14 September 2010 have been submitted to HM Revenue and Customs. Tax computations have been agreed up to the period ended 14 September 2008, with substantial losses being carried forward to set off against future profits.

A total of £6.1m and £3.9m has been recovered to date in respect of corporation tax repayments and group relief respectively. In addition, £8.9m of tax losses have been surrendered to other Lehman Group entities for the period ended 14 September 2010, and, subject to the agreement of the tax computations for the relevant parties, a sum of £1.2m should be received in this respect. Further recoveries for group relief for subsequent periods may be available, but these have yet to be finalised.

A VAT repayment of £2.8m has been received in respect of the VAT returns up to 31 August 2011. The VAT returns up to 31 May 2012 have been submitted and agreed by HM Revenue and Customs and the Administrators are expecting a £1m repayment shortly in this respect.

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, MJA Jervis and DA Howell, of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT.
<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 a Creditors' Committee was formed, whose duties include approving the basis and quantum of the Administrators' remuneration.

The Creditors' 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 Creditors' 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 Creditors' Committee in February 2012, the Joint Administrators have drawn 75% of their time costs on account of £5.1m plus VAT for the period from 1 March 2011 to 30 June 2012.

As mentioned in our previous Progress Report, the Creditors' Committee has approved remuneration in respect of time costs incurred to 28 February 2011 of £28.5m plus VAT.

In addition a further £0.5m plus VAT has also been drawn on account of the Court application (detailed below), bringing total remuneration paid to the administrators to £34m plus VAT.

The fee analysis for the period from 1 July 2011 to 31 December 2011 has been submitted to the Creditors' Committee. Fees for this period total £2,329k, which represents 5,694 hours at an average hourly rate of £409, excluding VAT and is 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 July 2011 to 31 December 2011:

Grade	Hours	Costs (£'000)
Partner	112	96
Director	542	339
Senior Manager	1,271	698
Manager	1,537	607
Senior Associate	1,604	464
Associate	627	125
Total	5,694	2,329

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

Activity	Hours	Costs (£'000)
Working assets/realisations	2,241	1,053
Strategy, administration, planning and compliance	1,655	612
Tax and VAT	250	134
Creditors, intercompany and LB UK RE group companies	619	256
Treasury	548	155
Central services	382	119
Total	5,694	2,329

Court application with regard to Administrators' time costs

Whilst further discussions have been held with the Creditors' Committee and progress has been made, the process for the approval of these fees (in respect of an aborted sale of a portfolio of SNPL assets in 2009) has not been concluded.

Receipts and payments account

An account of the receipts and payments in the Administration for the six months to 14 September 2012, and a cumulative total since commencement of the Administration, is set out in Section 5 of this report.

Significant receipts in the Period include:

- £94.3m in respect of principal and interest income from the SNPL portfolios;
- £1.3m in respect of income from and the sale of real estate investments;
- £119.1m in respect of realisation from principal investments; and
- £9.6m in respect of corporation tax repayments.

A significant payment in the Period was:

- Office holders' remuneration of £6.3m.

Cash held as at 14 September 2012 totals £552.4m.

Section 5 Receipts and payments

RECEIPTS	As at 14 September 2012			As at 14 September 2012	Movements from 15 March 2012 to 14 September 2012	As at 14 March 2012 (GBP equivalent) RESTATED	As at 14 March 2012 (GBP equivalent)	
	GBP (£)	US (\$)	EUR (€)	TOTAL (GBP equivalent) GBP (£)	(GBP equivalent) GBP (£)	at 14 September 2012 exchange rate GBP (£)	GBP (£)	
	mil	mil	mil	mil	mil	mil	mil	mil
SNPL recoveries	3.3	57.9	248.2	239.9	94.3	145.6		150.7
Real Estate recoveries	7.6	0.1	28.5	30.7	1.3	29.4		30.1
Principal investments	60.0	227.0	190.0	353.3	119.1	234.2		242.8
Other recoveries	1.4	1.0	-	2.0	0.7	1.3		1.3
Internal currency transfer	443.3	2.6	-	444.9	376.8	68.1		68.2
Corporation Tax repayments	10.0	-	-	10.0	9.6	0.4		0.4
VAT repayments	2.8	-	-	2.8	0.0	2.8		2.8
Interest	0.1	0.8	2.7	2.8	0.6	2.2		2.7
Receipts Grand Totals	528.4	289.4	469.4	1,086.4	602.4	484.0		499.0
PAYMENTS								
Building and occupancy costs	5.5	-	-	5.5	0.4	5.1		5.1
Payroll and employee costs	14.2	-	2.2	16.0	0.7	15.3		15.4
Legal fees	12.1	-	0.9	12.8	0.4	12.4		12.3
Insurance premiums	2.1	-	0.2	2.2	0.1	2.1		2.1
Principal investments	-	0.3	-	0.2	-	0.2		0.2
Acquisition of Portuguese loan portfolio	-	-	7.3	5.9	-	5.9		6.1
Office holders' remuneration	39.9	-	-	39.9	6.3	33.6		33.6
Office holders' disbursements	0.2	-	-	0.2	0.1	0.1		0.1
Other professional fees	1.4	-	1.3	2.5	0.1	2.4		2.5
Real Estate valuation costs	0.2	-	-	0.2	-	0.2		0.2
Firstcity credit facility	-	-	1.5	1.2	-	1.2		1.3
Internal currency transfer	1.7	125.3	455.3	447.4	382.8	64.6		66.9
Payments Grand Totals	77.3	125.6	468.7	534.0	390.9	143.1		145.8
NET POSITION	451.1	163.8	0.7	552.4	211.5	340.9		353.2
CASH BALANCES								
Bank of England	-	0.7	0.1	0.5				
HSBC	2.7	0.3	0.6	3.3				
Bank of New York	3.3	-	-	3.3				
Money markets	445.1	162.8	-	545.3				
Total Cash	451.1	163.8	0.7	552.4				

Exchange rates as at 14 March 2012:

US\$ 1 : GBP	0.6376
EURO €1 : GBP	0.8304

Exchange rates as at 14 September 2012:

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

Amounts include VAT where applicable

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