

THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE THE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE SECURITIES IN A TIMELY MANNER.

LEHMAN BROTHERS UK CAPITAL FUNDING II LP ("LP II")

EUR 250,000,000 EURO FIXED RATE GUARANTEED NON-VOTING, NON-CUMULATIVE PERPETUAL PREFERRED SECURITIES ("LP II PREFERRED SECURITIES")

ISIN XS0229269856

25 September 2019

Notice to Holders

Liquidation of LB GP No.1 Ltd ("the Company") and implications for holders of LP II Preferred Securities

1 PRELIMINARY INFORMATION

- 1.1 THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
- 1.2 If you are in any doubt as to the action you should take, you are recommended to seek your own financial, legal or other advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriately authorised independent financial adviser.
- 1.3 If you have sold or otherwise transferred your entire (or any part of your) holding(s) of the LP II Preferred Securities you should immediately forward this notice to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.
- 1.4 This notice may contain certain information potentially relating to the future outlook for LP II. Although we believe any expectations are based on reasonable assumptions, any statements about the future outlook for LP II may be influenced by factors that could cause actual outcomes and results to be materially different. As a result, you should not rely on any forward-looking statements. Any forward-looking statements included in this notice are made only as of the date of this notice, and except as otherwise required by law, we undertake no obligation to publicly update or revise any such forward-looking statements to reflect subsequent events or circumstances.

2 QUALIFICATION STATEMENT

- 2.1 This notice has been prepared using information obtained by Bruce Alexander Mackay and Matthew Robert Haw (i) acting as the Joint Liquidators of the Company; and (ii) acting as licensed insolvency practitioners specifically in relation to winding-up the Partnerships (defined below) pursuant to an order of the High Court made in accordance with section 6(3) of the Limited Partnerships Act 1907. Reference hereinafter to the Joint Liquidators also includes (where the context requires) Bruce

Mackay and Matthew Haw acting as insolvency practitioners for the purpose of winding-up the Partnerships (defined in paragraph 3.5 below). Given the wider international failure and insolvency of associated Lehman entities and the passage of time since the Partnerships were active, it has been difficult to obtain all information relevant to the Partnerships and readers of this notice should understand that the Joint Liquidators' investigations have been hampered (in some cases) by the paucity of financial information and documentation.

- 2.2 This notice provides an update regarding the progress of the liquidation of the Company and winding-up of the Partnerships. This notice should not be used for any other purpose, or to inform any investment decision in relation to any debt or financial interest in LP II and the Partnerships. We caution the Holders of LP II Preferred Securities and any other stakeholders who may have an interest in the winding-up of the Partnerships against using data in this notice as a basis for estimating the likelihood and / or value of any potential payment from LP II and / or any of the Partnerships.
- 2.3 The information set out in this notice is being distributed to all Holders of LP II Preferred Securities ("**the Holders**") at the same time and is also being published via stock exchange announcements and Bloomberg such that the information set out in this notice does not constitute material non-public information.
- 2.4 Neither the Joint Liquidators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this notice.
- 2.5 This notice should be read in conjunction with the previous notices to the Holders issued by the Joint Liquidators on 23 June 2017, 13 November 2017, 11 May 2018 and 19 November 2018 copies of which are available on request.
- 2.6 The Joint Liquidators reserve the right to maintain confidentiality on any issue they consider could be commercially sensitive and to refrain from providing detailed commentary on any issues that may fit into this category.
- 2.7 The Joint Liquidators, on behalf of the Company, and the Partnerships reserve all rights against third parties on all matters and no conclusion should be drawn by third parties as to the Joint Liquidators' and/or the Partnerships' position or legal arguments on any such matters from information contained or not contained within this notice.

3 **BACKGROUND**

- 3.1 Bruce Alexander Mackay and Matthew Robert Haw of RSM Restructuring Advisory LLP were appointed as joint liquidators ("**the Joint Liquidators**") of the Company on 28 February 2017 pursuant to a special resolution of the Company's sole member, Lehman Brothers Holdings Inc. ("**LBHI**"). The appointment of the Joint Liquidators was ratified by the Company's creditors at a meeting of creditors held on 12 April 2017.
- 3.2 The appointment of the Joint Liquidators followed a Court process in which the Company was restored to the Register of Companies with effect from 3 February 2017. The restoration process and a number of related Court Orders that flowed from it were

set out in the Joint Liquidators' Notice to Holders dated 23 June 2017 ("**the June 2017 Notice**").

- 3.3 The Company is part of the Lehman Investment Banking Group ("**the Group**"). It operated from premises at 25 Bank Street, London, E14 5LE prior to the collapse of the Group in September 2008.
- 3.4 Prior to the collapse of the Group, a funding structure was developed by the Group to fund, on a subordinated basis, capital to be made available to Lehman Brothers Holdings Plc (in administration) ("**LBH**") and LBHI in respect of regulatory capital.
- 3.5 The funding structure was established through five limited partnerships as follows:
 - 3.5.1 Lehman Brothers UK Capital Funding LP ("**LP I**")
 - 3.5.2 Lehman Brothers UK Capital Funding II LP ("**LP II**")
 - 3.5.3 Lehman Brothers UK Capital Funding III LP ("**LP III**")
 - 3.5.4 Lehman Brothers UK Capital Funding IV LP ("**LP IV**")
 - 3.5.5 Lehman Brothers UK Capital Funding V LP ("**LP V**"),(together "**the Partnerships**" or individually a "**Partnership**" as the context requires).
- 3.6 The Company acted as a general partner of each of the Partnerships.
- 3.7 The Partnerships formed the structure of the capital funding arrangement.
- 3.8 The purpose of the Partnerships was to raise regulatory capital for LBH and LBHI by issuing securities to investors. The securities issued by the Partnerships were as follows (definitions taken from the Prospectus for each of the Partnerships):
 - 3.8.1 **LP I** – EUR 225,000,000 Fixed Rate to CMS-Linked Guaranteed Non-voting, Non-Cumulative Perpetual Preferred Securities;
 - 3.8.2 **LP II** – EUR 250,000,000 Euro Fixed Rate Guaranteed Non-voting, Non-cumulative Perpetual Preferred Securities;
 - 3.8.3 **LP III** – EUR 500,000,000 Fixed / Floating Rate Enhanced Capital Advantaged Preferred Securities;
 - 3.8.4 **LP IV** – EUR 200,000,000 Euro Fixed Rate Enhanced Capital Advantaged Preferred Securities; and
 - 3.8.5 **LP V** – USD 500,000,000 Fixed Rate Enhanced Capital Advantaged Preferred Securities.
- 3.9 Reference hereafter to "**Securities**" relates to any one or more (as the context requires) of the above investments issued by the Partnerships.

- 3.10 Although this specific notice is addressed and has been distributed (to the extent possible) to the Holders of the LP II Preferred Securities with ISIN XS0229269856 issued by LP II, this notice contains information relevant to each of the Partnerships and is therefore to be read as a composite update to enable the Holders of Securities issued by each of the Partnerships to understand the position applicable to all of the Partnerships. Separate notices (in materially the same form) have been distributed to the Holders of Securities issued by each of the Partnerships.

4 THE PARTNERSHIPS' ASSETS

CASH

- 4.1 At the time of the Joint Liquidators' appointment they were informed by LBHI in writing that it was holding the following approximate cash balances on behalf of LP III, LP IV and LP V in fixed term deposit accounts which, upon expiry of the fixed terms in May 2017, would be paid to the Joint Liquidators for the benefit of LP III, LP IV and LP V ("**the Funds**"):

4.1.1	LP III	€12m
4.1.2	LP IV	€10m
4.1.3	LP V	US\$26m

- 4.2 As previously reported LBHI has now paid the Funds to the Joint Liquidators for the benefit of LP III, LP IV and LP V and the following amounts were received on the following dates:

4.2.1	LP III	€12.8m	5 September 2017
4.2.2	LP IV	€10.8m	13 October 2017
4.2.3	LP V	US\$26.7m	12 October 2017

- 4.3 LBHI only agreed to transfer the Funds if the Joint Liquidators:

4.3.1 acknowledged that the payment was without prejudice to any potential claims LBHI or LB Investment Holdings Ltd (which was the Preferential Limited Partner ("**the PLP**") for each of the Partnerships which LBHI subsequently applied to Court to be restored to the Register of Companies) may have in respect of the Funds; and

4.3.2 agreeing not to make distributions of the Funds without receiving (i) confirmation from LBHI and the PLP that they do not have any claims against the Funds; or (ii) an order from the Court that LBHI and the PLP do not have any claims against the Funds following an application to the Court on notice to LBHI and the PLP.

- 4.4 The Joint Liquidators agreed to the above conditions in order to receive the Funds as the alternative was to issue court proceedings seeking payment of the Funds. LBHI

and the PLP have since confirmed that neither of them has a claim to the LP IV and LP V Funds, although for the time being the undertaking still applies to the LP III Funds.

- 4.5 By way of further background, the PLP was restored to the Register of Companies at Companies House on 22 February 2018 and placed into creditors' voluntary liquidation on 5 March 2018. Sarah Rayment and Mark Shaw of BDO LLP, 55 Baker Street, London W1U 7EU were appointed as joint liquidators. The Statement of Affairs filed at Companies House indicates that the PLP has an investment in its subsidiaries with a book value of £36,777,675. At the date of this notice, no claims had been received from the joint liquidators of the PLP. In their progress report dated 29 April 2019 the joint liquidators of the PLP stated that the asset realisations of the PLP will depend on the outcome of the larger Lehman Brothers insolvencies distributions from the relevant waterfalls.

POTENTIAL CLAIMS AGAINST THIRD PARTIES (SUBORDINATED NOTES)

LP I, LP II and LP III

- 4.6 LBH issued subordinated notes to LP I, LP II and LP III in return for the payment of the regulatory capital that had been raised by the issuance of the Securities by LP I, LP II and LP III. These three Partnerships have a claim for payment of a dividend by LBH in relation to the subordinated notes that were issued and protective claims have been filed in the administration of LBH on behalf of LP I, LP II and LP III by the Joint Liquidators.
- 4.7 The Joint Liquidators have been liaising with the Joint Administrators of LBH in relation to the claims submitted on behalf of LP I, LP II and LP III and current indications are that the dividend prospects in respect of the claims made on behalf of LP I, LP II and LP III relating to the subordinated notes are dependent upon several variables, which (on a non-exhaustive basis) are summarised below:
- 4.7.1 **Waterfall litigation/flow of funds:** The various aspects of the Lehman waterfall litigation directly affect the level of surplus funds expected to be distributed within the Group, most particularly from Lehman Brothers International (Europe) ("**LBIE**") (in administration). The Joint Liquidators understand this in turn may impact upon the recoveries made in the LBH administration estate and the level of funds, if any, available to LBH's subordinated creditors (including LP I, LP II and LP III).
- 4.7.2 **LBHI clawback motion:** LBHI issued a motion in the US Bankruptcy Court on 30 April 2019 against various UK Lehman Brothers group companies. One of the named defendants is LB Holdings Intermediate 2 Limited ("**LBHI2**"). Under the terms of a settlement agreement dated 24 October 2011, LBHI is seeking to clawback \$105,609,905 from the LBHI2 estate. Another named defendant is Limited Brothers Limited ("**LBL**"). LBHI is seeking to clawback \$128,044,776 from the LBL estate. If LBHI is successful with its clawback motion this will further deplete the surplus available to LBHI2's subordinated creditors, which in turn may impact the value of the

subordinated claim by LBH against LBHI2 and hence the subordinated claims by LP I, LP II and LP III against LBH. Neither the Joint Liquidators, the Company nor any of the Partnerships are a party to LBHI's clawback motion.

4.7.3 **Priority of subordinated claims against LBHI2:**

- (a) The value of LBH's estate will be significantly affected by the level of dividends flowing through the waterfall to LBHI2. If LBHI is successful with its clawback motion, this could dilute the amount available to LBHI2's subordinated creditors.
- (b) The Joint Liquidators understand that there are two subordinated creditors of LBHI2: (1) Lehman Brothers Holdings Scottish LP 3 ("**SLP3**"); and (2) LBH. The relative seniority of the two claims remains to be determined (see 4.9 below).
- (c) If LBH's subordinated claim against LBHI2 is senior to SLP3's, it is understood that sufficient funds may flow into LBH to allow the Joint Administrators of LBH to discharge fully all costs, senior unsecured liabilities and statutory interest, leaving a surplus available for distribution to LBH's subordinated creditors. However, if LBH's subordinated claim against LBHI2 ranks no higher than *pari passu* with SLP3's subordinated claim, it is understood that LBH will not be in a position to pay any dividends to its own subordinated creditors.

4.7.4 **Priority of subordinated claims against LBH:**

- (a) Based on the understanding set out in paragraph 4.7.3(c) above, if LBH's subordinated claim against LBHI2 is determined to rank as senior to SLP3's claim, LBH should have sufficient funds available to pay a dividend to its own subordinated creditors.
- (b) The Joint Liquidators understand that there are two groups of subordinated creditors in relation to LBH: (1) LBHI; and (2) LP I, LP II and LP III. The relative seniority of the two groups of claims remains to be determined (see 4.9 below).

4.8 The Joint Liquidators are members of LBH's creditors' committee ("**the LBH Committee**") and represent the interests of LP I, LP II and LP III and hence the Holders of the Securities for those Partnerships. The primary purpose of the Joint Liquidators joining the LBH Committee is so that the Joint Liquidators can receive information relating to (1) the determination of the priority of the subordinated claims explained above; and (2) the value of funds that may flow down the "waterfall" to LBH. The last meeting of the LBH Committee called by the LBH Administrators was on 30 November 2017.

4.9 Determination of the subordinated debt priorities by the court.

- 4.9.1 On 16 March 2018, the Joint Administrators of LBHI2 made an application to court (the "**LBHI2 Application**") to determine issues of priority in respect of potential distributions to the Holders of LBHI2's subordinated debts. The Joint Liquidators are not a respondent party to the LBHI2 Application, but a Holder of the relevant Securities applied to be joined as a respondent to these proceedings (see 4.9.4 below) and was joined by the Court as a party. The Joint Liquidators have reserved rights to seek to be joined at a later date if considered appropriate and cost effective to do so. The Joint Liquidators issued an interim update notice to the Holders of the LP I, LP II and LP III Securities on 10 April 2018, which contained links to the PwC website, and in particular to LBHI2's directions application and supporting witness statement of one of LBHI2's Joint Administrators.
- 4.9.2 Also on 16 March 2018, the Joint Administrators of LBH made an application to court (the "**LBH Application**") to determine issues of priority in respect of the potential distributions to the Holders of LBH's subordinated debts. The Joint Liquidators are respondents to the application issued by LBH's Joint Administrators. The interim update notice issued to the Holders of the LP I, LP II and LP III Securities by the Joint Liquidators on 10 April 2018, which contained links to the PwC website, also contained links to LBH's directions application and the supporting witness statement of one of LBH's Joint Administrators.
- 4.9.3 An initial hearing to address matters of case management in respect of both applications took place on 23 and 24 July 2018 before Mr Justice Mann. The questions asked in the LBH Application are summarised below:
- (a) Within the administration of LBH whether the claims of LBHI under three subordinated loan facility agreements (the "**Sub-Debt**") have been released pursuant to a settlement agreement entered into as of 24 October 2011 between amongst others, LBH and LBHI;
 - (b) If LBHI's claims have not been released, whether its claims in respect of the Sub-Debt rank for distribution before, after or *pari passu* with any of the claims of LP I, LP II and LP III under certain fixed-rate subordinated notes issued by LBH (the "**Sub-Notes**");
 - (c) whether any liability of LBH which might be established under certain guarantees given by LBH in favour of the Holders of the Securities issued by LP I, LP II and LP III in the context of the Sub-Notes transactions ranks for distribution before, after or *pari passu* with each of the Sub-Debt and the Sub-Notes; and
 - (d) What is the correct approach to discounting in relation to the quantum of LBH's liability under the Sub-Notes.
- 4.9.4 Two joinder applications were also heard by Mr Justice Mann at the initial hearing. Lehman Brothers Limited ("**LBL**"), a Senior Creditor of LBH, sought

to be joined to the LBHI2 Application, whilst a Holder of the Securities in LP I, LP II and LP III, sought to be joined to the LBHI2 Application. LBL were not successful in their application, however the Holder of the relevant Securities was joined as a respondent to the LBHI2 Application. The same Holder of the relevant Securities is already a respondent party to the LBH Application.

4.9.5 A copy of the sealed Order made by Mr Justice Mann together with the approved Judgment can be viewed on PwC's website. The Order set out a number of procedural steps to be taken by the parties and in addition the following hearings were listed:

- (a) A second case management hearing listed in May 2019. This hearing was subsequently vacated and the parties agreed a number of administrative points by Consent Order;
- (b) A pre-trial review hearing listed for 1 day during the week commencing 14 October 2019; and
- (c) The trial (for both the LBHI2 Application and the LBH Application, which are to be heard concurrently) has been listed for 8-10 days commencing on 11 November 2019. The parties agreed by Consent Order that the trial should be extended to 10-12 days, to include 2 days of judicial pre-reading time.

4.9.6 In accordance with Mr Justice Mann's Order dated 24 July 2018, the parties have now exchanged position papers, witness statements of fact and where relevant experts' reports. The Joint Liquidators refer Holders of relevant Securities to PwC's website which contains further details.

LP IV and LP V

4.10 It was LBHI and not LBH that issued subordinated notes to LP IV and LP V in return for the payment of the regulatory capital that was raised by the issuance of the Securities by LP IV and LP V. The LP IV and LP V Partnerships may have a claim for payment of a dividend by LBHI in relation to the subordinated notes that were issued. This is a matter that the Joint Liquidators are continuing to keep under review. However, it is the Joint Liquidators' understanding that LBHI's subordinated debt holders are currently not expected to receive any distribution.

POTENTIAL CLAIMS AGAINST THIRD PARTIES (SUBORDINATED GUARANTEE)

4.11 LBH provided a subordinated guarantee to the Holders of the Securities in relation to LP I, LP II and LP III. The wording of the subordinated guarantee included in the prospectus suggests that the Holders of the Securities issued by LP I, LP II and LP III have subordinated guarantee claims against LBH, although it is unclear how those claims would be made in practice. Holders of the relevant Securities should take their own independent legal advice in relation to the subordinated guarantee and any claims they may wish to make (including whether claims could potentially be made against any other entity within the Group pursuant to any intra Group guarantees). The Joint

Liquidators' initial assessment is that the Company has no separate right to make a claim pursuant to the subordinated guarantee and it is the Holders of the Securities that have standing to enforce the subordinated guarantee.

- 4.12 LBHI also provided a subordinated guarantee to the Holders of the Preferred Securities in relation to LP IV and LP V. Please see paragraph 4.11 above as the Joint Liquidators' initial assessment is the same for LP IV and LP V and accordingly Holders of the relevant Securities should take their own independent legal advice in relation to the subordinated guarantee and any claims they may wish to make.

POTENTIAL CLAIMS AGAINST THIRD PARTIES (LEHMAN BROTHERS SPECIAL FINANCING AND LBHI)

LP IV and LP V

- 4.13 The Joint Liquidators have investigated potential claims in relation to interest rate swap contracts ("**the Swaps**") entered into by LP IV and LP V with Lehman Brothers Special Financing ("**LBSF**"). The Swaps are referred to in the final sets of financial statements issued for LP IV and LP V prior to the strike-off and dissolution of the General Partner.
- 4.14 On a provisional and protective basis, on 24 August 2018 the Joint Liquidators attempted to file claims in the Chapter 11 US Bankruptcy proceedings of LBSF and LBHI. As the claims were filed after 12 March 2012, being the date of the Confirmation Order which confirmed the Modified Third Amended Joint Chapter 11 Plan of LBHI and its Affiliated Debtors, Epiq determined that they were not able to record the Swap claims in the claims register without authority from the US Bankruptcy Court.
- 4.15 Further, on 22 January 2019, the Joint Liquidators filed a motion in the US Bankruptcy Court seeking an Order enforcing LBHI's Chapter 11 Plan ("**the Plan**"), specifically that LP IV's and LP V's claims in relation to the Swaps be treated as claims that are subject to the Plan's claims, allowance, objection, reserve and distribution provisions, on a going forward basis. It was acknowledged in the motion that the quantum of the Swaps claims, if any, could not be determined in the absence of knowing whether or not the Swaps had been terminated and, if so, on what date. At or around the date of the commencement of the LBHI and LBSF Chapter 11 proceedings, the LP IV Swap was considered to stand as a debt due by LP IV to LBSF, whereas the LP V Swap was considered to stand as a debt due by LBSF to LP V.
- 4.16 The motion was heard on 13 March 2019 but the U.S. bankruptcy court took the matter under advisement after that hearing. Following the hearing, the parties engaged in negotiations with respect to the Swaps and the allowance of the claims. In accordance with extensive legal advice concerning the Swaps and the motion, the Joint Liquidators in due course agreed a full and final settlement of any claims relating to the Swaps with LBHI, LBSF and the PLP and Sarah Megan Rayment and Mark James Shaw acting as liquidators of the PLP ("**the PLP Liquidators**"). In summary, the settlement has resulted in:
- 4.16.1 the sum of \$2,000,000 being paid by LBHI, on behalf of LBSF, to LP V;

- 4.16.2 the withdrawal of the motion dated 22 January 2019;
- 4.16.3 agreement by LBHI and the PLP for the LP IV and LP V Funds to be distributed (see paragraphs 4.3 and 4.4. above);
- 4.16.4 LP IV, LP V, the Company and the Joint Liquidators releasing any claims against LBHI, LBSF, the PLP and the PLP Liquidators relating to or arising out of the Swaps;
- 4.16.5 LBHI, LBSF, the PLP and the PLP Liquidators releasing any claims against the Joint Liquidators, the Company, LP IV or LP V relating to or arising out of the Swaps or the LP IV and LP V Funds.

5 **POTENTIAL SUBSTITUTION OF SECURITIES FOR ALL PARTNERHSIPS**

- 5.1 The Joint Liquidators refer to their previous updates and in particular their update notice dated 19 November 2018. There have been no further developments.

6 **PROFESSIONAL COSTS**

- 6.1 The Court directed that the Joint Liquidators should explain to Holders of the Securities the costs incurred to date and the basis upon which costs will be incurred in the future with regard to the winding-up of the Partnerships.
- 6.2 The professional costs and expenses incurred to date on a time costs basis are as set out below. Please note that the Company and the Partnerships were not VAT-registered. Accordingly, input VAT, where incurred, is not recoverable.
- 6.3 Joint Liquidators (RSM)
 - 6.3.1 Time costs: £933,289 plus VAT and disbursements have been incurred to 30 August 2019, of which £69,110 relates to time costs incurred in the period leading up to the Joint Liquidators appointment on 28 February 2017.
 - 6.3.2 £915,723 plus VAT and disbursements of £36,179 have been paid to date.
- 6.4 Charles Russell Speechlys LLP ("**CRS**") (UK solicitors for the Joint Liquidators)
 - 6.4.1 Time costs: £995,807 plus VAT and disbursements has been invoiced and paid for the period 16 November 2016 to 30 July 2019 in relation to time costs. Since the end of that period, a further £10,816.50 plus VAT and disbursements has been incurred but not paid up to and including 27 August 2019.
 - 6.4.2 Disbursements: £274,709 plus VAT has been incurred by Leading Counsel instructed by CRS on behalf of the Joint Liquidators. This sum has been paid. In addition, Leading Counsel has incurred fees of £6,585.70 plus VAT which have not yet been paid up to and including 27 August 2019.
- 6.5 Kirkland & Ellis LLP (US attorneys for the Joint Liquidators)

- 6.5.1 Time costs: USD 568,349 has been invoiced in the period to 31 July 2019 2019 which has been paid in full.
- 6.5.2 Disbursements: USD 17,176 has been invoiced in the period to 31 July 2019 and this sum has been has been paid in full.
- 6.6 Various Bank of New York Mellon entities ("**BNYM**") (paying agent, common depository and initial limited partner)
 - 6.6.1 Fees and costs totalling £45,793 have been paid to BNYM to date for the provision of transaction services and general assistance in facilitating investor communications and providing transaction records and documents (including the costs of BNYM's legal counsel).
- 6.7 Warwick Risk Management Ltd (valuer's fees)
 - 6.7.1 Fees totalling £20,000 plus VAT have been paid to Warwick Risk Management Ltd for the provision of valuation services.
- 6.8 Dentons UKMEA LLP (Solicitors for Deutsche Bank AG) (subject to the Joint Liquidators' assessment with regard to the reasonableness of those fees)
 - 6.8.1 Time costs: £105,880.84 plus VAT (up to 15 March 2017 as per proof of debt form).
 - 6.8.2 Disbursements: £6,960.45 plus VAT where appropriate (up to 15 March 2017 as per proof of debt form).
 - 6.8.3 As yet these costs have not been agreed and reimbursed
- 6.9 Weil Gotshal & Manges (Solicitors for LBHI) (subject to the Joint Liquidators' assessment with regards to the reasonableness of those fees)
 - 6.9.1 Time costs: USD 97,795.35 (up to 11 April 2017 as per proof of debt form). As yet these costs have not been agreed and reimbursed.
- 6.10 Agents costs: It should be noted that additional costs have been incurred and will be discharged in connection with the maintenance of agents and the provision of information to the Holders of the Securities.
- 6.11 The professional costs and disbursements outlined above relate to necessary steps that have been taken to place the Company into liquidation and to undertake the process of winding-up the affairs of the Partnerships, which is a complex matter with a number of significant ongoing issues.
- 6.12 The professional costs and disbursements have been (and will continue to be) paid from sums realised from the Partnerships' assets in accordance with the Order of the Court. To date the costs have been paid and apportioned as follows:
 - 6.12.1 Costs relating to all Partnerships have been paid from the Funds and apportioned between LP III, LP IV and LP V. To the extent any funds are

realised in relation to LP I and LP II then the apportionment of costs will be adjusted accordingly so that no one Partnership (or more than one) disproportionately bears the costs of the winding-up of the Partnerships collectively.

- 6.12.2 Costs specifically relating to LP I, LP II and LP III in relation to the subordinated debt claims against LBH are currently being paid from LP III's Funds as LP I and LP II currently have no cash assets. LP IV and LP V have not contributed to these costs on the basis that work undertaken in relation to the subordinated debt claims against LBH does not relate to LP IV and V. To the extent any funds are realised in relation to the claims against LBH by LP I and LP II then the apportionment of costs will be adjusted accordingly so that LP III does not disproportionately bear the costs of issues relating jointly to LP I, LP II and LP III.
- 6.13 At the date of this update the Joint Liquidators hold the following Fund balances in each of the Partnerships. These figures are net of costs that have been paid to date but not accrued or future costs:
- 6.13.1 LP III: €11,662,808
- 6.13.2 LP IV: €9,843,603
- 6.13.3 LP V: \$27,198,479
- 6.14 The current hourly rates of those expected to be involved in this matter going forward are set out below (figures quoted exclude input VAT where applicable):
- 6.14.1 RSM
- (a) Partner (Joint Liquidators) - £625 (increased from £595 on 1 October 2018)
 - (b) Manager - £345 (increased from £325 on 1 October 2018)
 - (c) Senior Administrator - £210 (increased from £200 on 1 October 2018)
- 6.14.2 CRS
- (a) Partner - £625 (increased from £595 on 1 May 2019)
 - (b) Senior Associate - £450 (increased from £425 on 1 May 2019)
 - (c) Associate - £255 (increased from £245 on 1 May 2019)
- 6.14.3 Counsel
- (a) Queen's Counsel - £650
 - (b) Junior Counsel - £250

7 INTENTION TO PROPOSE A DISTRIBUTION IN RELATION TO LP IV AND LP V

- 7.1 Following the recent completion of the Swaps settlement agreement, the release of the LBHI and PLP's undertakings over the LP IV and LP V Funds and the removal of the Substitution threat, the Joint Liquidators are nearing a position where an interim distribution to the Holders of the LP IV and LP V Securities is appropriate.
- 7.2 Before an interim distribution can be paid the Joint Liquidators intend to investigate the extent to which a costs reapportionment exercise may be appropriate at this juncture, to ensure that the costs met by the LP IV and LP V estates are reasonable.
- 7.3 In the meantime the Joint Liquidators are investigating the appropriate mechanism for effecting the planned interim dividend distributions.

8 FURTHER UPDATE NOTICES TO HOLDERS OF SECURITIES

- 8.1 The Joint Liquidators will continue to provide update notices to Holders of Securities as and when there are significant matters to report and otherwise routinely on at least an annual basis by the following methods:
- 8.1.1 To the extent possible, by notice distributed via the clearing systems relevant to the Securities for each Partnership (i.e. either the Euroclear system or Clearstream system); and
- 8.1.2 To the extent possible, by notice distributed via the relevant exchanges upon which the Securities for each Partnership are listed.

9 INFORMAL INVESTORS' COMMITTEE

- 9.1 Since the commencement of the winding-up of the Partnerships, the Joint Liquidators have been approached by a number of Holders of the Securities and they have requested that an informal investors' committee ("**IIC**") is established.
- 9.2 The Joint Liquidators have established such an IIC, but the IIC continues to have only one member. Accordingly there have been no meetings of the IIC to date.
- 9.3 In order to join the IIC, a Holder of Securities will be required to sign a Memorandum of Understanding ("**MOU**") as well as a Non-Disclosure Agreement ("**NDA**").
- 9.4 If you are a Holder of Securities and you are interested in becoming a member of the IIC you will be required to enter into the MOU and NDA on the same terms as the current member and any other prospective members. To confirm your interest in joining the IIC, please contact Samantha Hawkins using the details provided at 10.1.2 below, and verifying your holding of the Securities in the manner set out at paragraph 10.2.2 below.
- 9.5 Please be reminded that the IIC has no statutory powers and will be non-binding upon the Joint Liquidators. Its purpose, if utilised, is to provide an additional means of liaising with Holders of Securities in relation to the Partnerships and providing a forum for

discussing and providing feedback to the Joint Liquidators in relation to the various issues arising.

10 CONTACTS

10.1 Holders of the Securities who have queries concerning anything mentioned in this notice may contact the Joint Liquidators as follows:

10.1.1 Post: RSM Restructuring Advisory LLP, 25 Farringdon Street, London, EC4A 4AB

10.1.2 E-mail: Samantha.Hawkins@rsmuk.com

10.2 Please note that in any correspondence with the Joint Liquidators, the Holders of the Securities will be required to verify their holdings of the relevant Securities to the Joint Liquidators by:

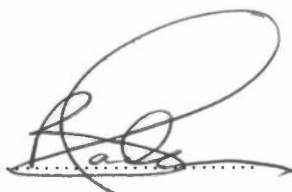
10.2.1 The Holders sending an e-mail to the Joint Liquidators c/o Samantha Hawkins using the email address shown at paragraph 10.1.2 above and referencing "LB GP No. 1 Ltd (In Liquidation)" and the ISIN of the Securities in the subject line and disclosing the identity of the Holder, the identity of the Partnership or Partnerships which issued the Securities, the nominal amount of each ISIN held by the Holder and the details of the person(s) who shall represent the Holder; and

10.2.2 The Holders providing (by e-mail to the Joint Liquidators c/o Samantha Hawkins) a letter, screen shot or other proof of holding (in each case from Euroclear/Clearstream and their custodian (if applicable)) verifying each of its holdings in the Securities and disclosing the following information:

- (a) ISIN
- (b) Account number
- (c) Participant name
- (d) Nominal amount
- (e) Beneficial Holder details (including e-mail address)

Dated: 25 September 2019

Signed:



**This notice is given by
Bruce Alexander Mackay
RSM Restructuring Advisory LLP
as Joint Liquidator of LB GP No.1 Ltd**