

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 LP ("LP I")

EUR 225,000,000 FIXED RATE TO CMS-LINKED GUARANTEED NON-VOTING, NON-CUMULATIVE PERPETUAL PREFERRED SECURITIES ("LP I PREFERRED SECURITIES")

ISIN XS0215349357

19 November 2018

Notice to Holders

Liquidation of LB GP No.1 Ltd ("the Company") and implications for holders of LP I 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 I 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 I. Although we believe any expectations are based on reasonable assumptions, any statements about the future outlook for LP I 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 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 I and the Partnerships. We caution the Holders of LP I 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 I and / or any of the Partnerships.
- 2.3 The information set out in this notice is being distributed to all Holders of LP I 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 and 11 May 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 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 in 2008, 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 I Preferred Securities with ISIN XS0215349357 issued by LP I, 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 has 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 (which remains a possibility if the matter cannot be agreed with LBHI and the PLP in due

course). LBHI and the PLP have not fully articulated the basis and quantum of their potential claims, but we expect them to do so in due course.

- 4.5 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 the notice, no claims had been received from the joint liquidators of the PLP.

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.

- 4.7.2 **Priority of subordinated claims against LB Holdings Intermediate 2 Limited ("LBHI2"):**

- (a) The value of LBH's estate will be significantly affected by the level of dividends flowing through the waterfall to LBHI2.
- (b) The Joint Liquidators understand that there are two subordinated creditors: (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).

- 4.7.3 **Priority of subordinated claims against LBH:**

- (a) If LBH's subordinated claim against LBHI2 is senior to SLP3's, it is understood that sufficient funds will 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.
- (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 (i) the determination of the priority of the subordinated claims explained above; and (ii) the value of funds that may flow down the "waterfall" to LBH.

4.9 Determination of the subordinated debt priorities by the court.

4.9.1 As previously reported, the Joint Liquidators were provided with a bundle of core documents said to be relevant to the determination of the subordinated claims ("**the Subordination Documents**"). The Subordination Documents were provided by the solicitors acting for the Joint Administrators of LBHI2 and LBH. The Joint Liquidators collated copies of certain key documents ("**the Key Documents**") contained within the Subordination Documents bundle, and the Joint Liquidators issued a notice to the Holders of LP I, LP II and LP III Securities on 1 December 2017, which contained links enabling the Holders of the Securities to access and review the Key Documents. The purpose was to enable any Holders of the Securities to comment on the Key Documents and provide any other views they may have in relation to the subordination issues.

4.9.2 It became clear that the priority of the subordinated claims could not be agreed between the relevant parties. Consequently, 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 4.9.5 below) and was joined by the Court as 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 the supporting witness statement of one of LBHI2's Joint Administrators.

4.9.3 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 Joint Liquidators issued an interim update 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 LBH's directions application and the supporting witness statement of one of LBH's Joint Administrators.

4.9.4 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.

4.9.5 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 procedural steps to be taken by the parties and in addition the following hearings have now been listed:

- (a) A second case management hearing listed for 1½ days in a floating 3-day window commencing on 20 May 2019;
- (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.

4.9.6 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 Holder of the relevant Securities is already a respondent party to the LBH Application.

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 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 investigating further. 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 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 locus 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.

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

LP IV and LP V

- 5.1 The Joint Liquidators are investigating potential claims in relation to interest rate swap contracts ("**the Swaps**") entered into by LP IV and LPV with Lehman Brother Special

Financing ("**LBSF**"). These 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. The Joint Liquidators have been seeking documentation to establish the precise terms and status of the Swaps and have requested relevant documentation from LBSF and LBHI.

- 5.2 It is understood that LBHI may have guaranteed LBSF's liabilities (if any) in relation to the Swaps and this is also being investigated by the Joint Liquidators.
- 5.3 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.
- 5.4 The Joint Liquidators are conducting further diligence in respect of the Swap claims and are taking US legal advice to guide them on how best to progress these potential claims.

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

- 6.1 The Joint Liquidators are aware that in certain circumstances (referred to in the relevant documentation for the Partnerships as a "Trigger Event" and broadly covering an insolvency and/or reorganisation of LBHI or capital inadequacy), provided the relevant "Supervisory Authority" does not object, the Company shall take all reasonable steps to cause the substitution of the Securities ("**the Substitution**") with fully-paid non-cumulative preferred stock issued directly by LBHI.
- 6.2 LBHI is subject to Chapter 11 (reorganisation proceedings) of the US Bankruptcy Code and LBHI's position is that a "Trigger Event" has occurred.
- 6.3 Law Debenture Trust Corporation Plc (which acted as the administrator of the Partnerships prior to the Company being struck off in 2010) has provided the Joint Liquidators with records relating to the Company and the Partnerships. Included within the records was a letter from the former directors of the Company to LBHI which advised that on 15 September 2008 a "Trigger Event" had occurred and requested that LBHI issue the substituted preferred stock. This was not acted upon by LBHI at that time.
- 6.4 At this stage the Substitution has not taken place; however, on 21 November 2017 LBHI filed a motion in the US Bankruptcy Court seeking relief from the court to issue fully paid up preferred stock to enable the Substitution to be effected. The motion and declaration in support have docket numbers 57036 and 57037 and can be downloaded from the LBHI Epiq website: <http://dm.epiq11.com/#/case/LBH/info>. The motion had a deadline for objections to be received by 17 January 2018 ("**the Objection Deadline**") and the motion was listed to be heard on 17 April 2018 by United States Bankruptcy Judge the Honourable Shelley C. Chapman ("**Judge Chapman**").

- 6.5 The Joint Liquidators have instructed Kirkland and Ellis LLP ("**K&E**") to provide US legal advice in relation to the relief sought by LBHI in their motion. K&E contacted Weil Gotshal & Manges (London) LLP ("**Weil**") who are LBHI's legal advisors, and requested that the Joint Liquidators be granted an extension to respond to LBHI's motion. Weil agreed to extend the deadline for the Joint Liquidators to 31 January 2018. A number of Holders of the Securities filed Objections to the LBHI motion by the Objection Deadline. After reviewing the LBHI motion and seeking advice from K&E and their UK legal team, the Joint Liquidators filed a Limited Objection to LBHI's motion on 31 January 2018 in accordance with the extension of time. A copy of the objections to the motion are available on the LBHI Epiq website referred to in paragraph 6.4 above.
- 6.6 As noted at paragraph 6.4 above, the LBHI motion was to be heard on 17 April 2018. On 1 March 2018, K&E advised the Joint Liquidators that the hearing had been adjourned at the request of the court and the rescheduled hearing took place on 7 June 2018.
- 6.7 On the 11 October 2018, Judge Chapman Ordered that the LBHI motion be denied therefore not allowing the creation of fully paid non-cumulative preferred stock by LBHI which would be required for the Substitution to take place. Docket number 58884, setting out Judge Chapman's decision, can be downloaded from the LBHI Epiq website: <http://dm.epiq11.com/#/case/LBH/info>. The Joint Liquidators understand that LBHI has not filed an appeal to the decision within the appropriate time limit.

7 PROFESSIONAL COSTS

- 7.1 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.
- 7.2 The professional costs and expenses incurred to date on a time costs basis are as follows:
- 7.2.1 Joint Liquidators (RSM)
- 7.2.2 Time costs: £659,516 plus VAT and disbursements have been incurred to 16 November 2018, of which £69,110 relates to time costs incurred in the period leading up to the Joint Liquidators appointment on 28 February 2017.
- 7.2.3 £641,867 plus VAT and disbursements of £14,495 have been paid to date.
- 7.2.4 Charles Russell Speechlys LLP (UK solicitors for the Joint Liquidators)
- 7.2.5 Time costs: £645,256 plus VAT and disbursements has been invoiced and paid for the period 16 November 2016 to 10 October 2018 in relation to time costs. Since the end of that period, a further £29,589 plus VAT and disbursements has been incurred but not paid.
- 7.2.6 Disbursements: £185,130 plus VAT has been incurred by Leading Counsel for the Joint Liquidators and paid. Leading Counsel has incurred fees of £2,025 plus VAT which have not yet been paid.

- 7.2.7 Kirkland & Ellis LLP (US attorneys for the Joint Liquidators)
- 7.2.8 Time costs: \$223,698 has been invoiced in the period to 31 August 2018 which has been paid in full.
- 7.2.9 Disbursements: \$5,571 has been invoiced in the period to 31 August 2018 and this sum has been paid in full.
- 7.2.10 Bank of New York Mellon (issuing and paying agent)
- 7.2.11 Fees and costs totalling £45,793 have been paid to the Bank of New York Mellon 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 the Bank of New York Mellon's legal counsel).
- 7.2.12 Warwick Risk Management Ltd (valuers fees)
- 7.2.13 Fees totalling £20,000 plus VAT have been paid to Warwick Risk Management Ltd for the provision of valuation services.
- 7.2.14 Dentons UKMEA LLP (Solicitors for Deutsche Bank AG) (subject to the Joint Liquidators' assessment with regard to the reasonableness of those fees)
- 7.2.15 Time costs: £105,880.84 plus VAT (up to 15 March 2017 as per proof of debt form). As yet these costs have not been agreed and discharged.
- 7.2.16 Disbursements: £6,960.45 plus VAT where appropriate (up to 15 March 2017 as per proof of debt form).
- 7.2.17 Weil Gotshal & Manges (Solicitors for LBHI) (subject to the Joint Liquidators' assessment with regards to the reasonableness of those fees)
- 7.2.18 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 discharged.
- 7.2.19 Agents costs: It should be noted that additional costs have been incurred and will be discharged in connection with the provision of information to the Holders of the Securities.
- 7.3 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 numerous ongoing issues
- 7.4 The professional costs and disbursements have been (and will continue to be) paid from the Partnerships' assets in accordance with the order of the Court. To date the costs have been paid and apportioned as follows:
 - 7.4.1 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 further funds

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

7.4.2 Costs specifically relating to LP I, LP II and LP III in relation to the claims against LBH will be paid from LP III's share of the Funds as LP I and LP II have no cash assets. LP IV and LP V have not contributed to these costs on the basis that the work undertaken does not relate to LP IV and V. To the extent any further funds are realised in relation to LP I and LP II then the apportionment of costs can be adjusted accordingly so that LP III does not disproportionately bear the costs of issues relating equally to LP I, LP II and LP III.

7.5 The current hourly rates of those expected to be involved in this matter going forward are as follows (figures quoted exclude VAT which will be payable at the current rate of 20% where appropriate):

7.6 RSM Restructuring Advisory LLP

7.7	Partner (Joint Liquidators)	£625 (increased from £595 on 1 October 2018)
7.8	Manager	£345 (increased from £325 on 1 October 2018)
7.9	Senior Administrator	£210 (increased from £200 on 1 October 2018)

7.10 Charles Russell Speechlys LLP

7.11	Partner	£595 (increased from £545 on 1 May 2018)
7.12	Senior Associate	£425 (increased from £385 on 1 May 2018)
7.13	Associate	£245
7.14	Legal Executive	£205
7.15	Trainees	£155 to £195
7.16	Paralegal	£185
7.17	<u>Counsel</u>	
7.18	Queen's Counsel	£650

8 FURTHER UPDATE NOTICES TO HOLDERS OF SECURITIES

8.1 The Joint Liquidators will continue to provide updates to Holders of Securities as and when there are significant matters to report and otherwise routinely on a 6-monthly basis (or such other interval as the Joint Liquidators may determine in the future) by the following methods:

- 8.1.1 to the extent possible, 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, notice distributed via the relevant exchanges upon which the Securities for each Partnership are listed.

9 INFORMAL INVESTORS' COMMITTEE

- 9.1 The Joint Liquidators have been approached by several Holders of the Securities and they have requested that an informal investors' committee ("**IIC**") is established.
- 9.2 The Joint Liquidators have established an IIC for the Holders of the Securities, but to date the IIC currently has only one member; accordingly, there have been no meetings of the ICC to date. In order to join the IIC the Holder of Securities will be required to sign a Memorandum of Understanding ("**MOU**") as well as a Non-Disclosure Agreement ("**NDA**").
- 9.3 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 other 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.
- 9.4 Please be reminded that the IIC has no statutory powers and will be non-binding upon the Joint Liquidators. Its purpose 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 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 Partnerships or Partnership that 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: 19 November 2018

Signed: 

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