

# LB UK RE Holdings Limited – In Administration

Joint Administrators' progress report  
for the period 15 March 2023  
to 14 September 2023

13 October 2023



# Contents

<b><i>Section 1: Joint Administrators' progress report</i></b>	<b>3</b>
<b><i>Section 2: Statutory and other information</i></b>	<b>5</b>
<b><i>Section 3: Joint Administrators Remuneration</i></b>	<b>7</b>
<b><i>Section 4: Receipts and Payments</i></b>	<b>9</b>
<b><i>Section 5: Expenses</i></b>	<b>10</b>

# Section 1: Joint Administrators' progress report

## Introduction

This is the thirtieth progress report by the joint administrators ("Joint Administrators" or "Administrators") of LB UK RE Holdings Limited (In Administration) ("LB UK RE" or the "Company").

If any creditor requires copies of the previous reports these are available on the Administrators' website <https://www.pwc.co.uk/services/business-restructuring/administrations/non-lbie-companies/lb-uk-re-holdings-limited-in-administration.html>

Alternatively, please contact Alison Lieberman (+44) 7889 645197 at PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT.

This report provides details of the progress of the administration in the six months to 14 September 2023 (the "Period").

## Residual asset distributions

As previously reported, the terms pursuant to which ownership of LB UK RE's remaining assets should be transferred to Lehman Brothers Holdings Inc. ("LBHI") or creditors controlled by LBHI (being the only remaining creditors of the Company), were agreed by way of a residual assets transfer agreement ("RATA"). In the period covered by the twenty-second progress report, the remaining claims against LB UK RE held by creditors controlled by LBHI, were assigned to LBHI, leaving LBHI as the sole creditor of LB UK RE

The Administrators and LBHI have worked closely during the administration to determine the most appropriate transfer or realisation strategy for all assets, such that the administration can be closed.

## Closure of the Administration

The Administrators' appointment is currently due to expire on 30 November 2023, following an application by the Administrators dated 11 May 2023, which the Court approved on 24 May 2023.

As referred to below, the HMRC queries have been resolved, and the Administrators are now able to make a final cash distribution to LBHI.

As soon as practicably possible, the Administrators will bring LB UK RE's administration to an end, pursuant to paragraph 84 of Schedule B1 to the Insolvency Act 2016 (the "Act"). Pursuant to paragraph 84(6) of Schedule B1 to the Act, LB UK RE will be dissolved three months thereafter. The Administrators intend shortly to apply to Court to specify the time at which their discharge from liability, pursuant to paragraph 98 of Schedule B1 to the Act, shall take effect.

## Future strategy

The Administrators do not expect to make any further realisations. A final distribution to LBHI will therefore shortly be made in accordance with the terms of the RATA. Thereafter, the Administration will be closed.

## Progress in the Period

Further work undertaken by the Administrators in the Period, has been in relation to:

- Compliance with the Administrators' various regulatory obligations.
- Review and maintenance of financial information.
- Taxation matters, see update below.

## Taxation update

Following submission on 27 January 2023 of all corporation tax computations and returns for the period ended 14 September 2016 and all subsequent year-ends up to and including the year ended 14 September 2022, further inquiries were made by HMRC.

Thereafter, a meeting with HMRC was held on 3 July 2023, where HMRC confirmed that they did not intend to raise further queries in relation to LB UK RE's tax affairs and have no objections to the company being dissolved. Written confirmation of this was received from HMRC on 2 August 2023.

To date, Value Added Tax (“VAT”) totalling £7.6m has been repaid to LB UK RE.

In the Period, no further VAT claims have been made, nor VAT repayments received. However, a final VAT claim will be made ahead of closure.

### **Other Matters**

Nothing has come to our attention during the Period under review to suggest that we need to do any more work in line with our duties under the Company Directors’ Disqualification Act 1986 and Statement of Insolvency Practice.

### **Future reports**

As mentioned above, the Administrators plan to bring the administration to an end prior to 30 November 2023. A final report to creditors will be issued ahead of closure.



**D Y Schwarzmenn**

**Joint Administrator**

**LB UK RE Holdings Limited**

*DY Schwarzmenn, EJ Macnamara, GE Bruce and DJ Kelly have been appointed as Joint Administrators of LB UK RE Holdings Limited. The Joint Administrators were appointed to manage the Company’s affairs, business and property as agents without personal liability.*

*DY Schwarzmenn, EJ Macnamara, GE Bruce and DJ Kelly are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.*

*The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators’ appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.*

*The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.*

## Section 2: Statutory and other information

Court details for the administration:	High Court of Justice, Chancery Division, Companies Court - case 7944 of 2008.
Full name:	LB UK RE Holdings Limited.
Trading name:	LB UK RE Holdings Limited.
Registered number:	05347966.
Registered address:	7 More London Riverside, London SE1 2RT, United Kingdom.
Date of the administration appointment:	15 September 2008.
Current Administrators' names and contact details:	DY Schwarzmann, EJ Macnamara, GE Bruce and DJ Kelly of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT. They may also be contacted via telephone number 07889 645197.
Appointer's name and address:	High Court of Justice, Chancery Division, Companies Court on the application of LB UK RE's directors.
Objective being pursued by the Administrators:	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).
Division of the Administrators' responsibilities:	In relation to Paragraph 100(2) Schedule 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 one or more of the persons for the time being holding that office.
Details of the last extension of the initial period of appointment:	The court has granted an extension of the administration to 30 November 2023.

Proposed end of the administration:	The Administrators currently envisage that a notice will be submitted to the Registrar of Companies pursuant to Paragraph 84 of Schedule B1 to the Insolvency Act 1986 to move LB UK RE from administration to dissolution. However, the Administrators reserve their rights in relation to other options available to them.
Dividend for unsecured creditors:	<p>Non LBHI-controlled creditors have received 63 pence in the pound in total from LB UK RE. LBHI-controlled creditors received dividends of approximately 60.6%, consisting of both cash and the remaining assets of LB UK RE by way of a distribution in specie.</p> <p>Distributions paid to all unsecured creditors whose claims have been admitted for dividend purposes are as follows:</p> <p>27 September 2012 - 30 pence in the pound</p> <p>2 September 2013 - 10 pence in the pound</p> <p>13 March 2014 - 3.2 pence in the pound</p> <p>27 August 2014 - 8.5 pence in the pound</p> <p>17 July 2015 - 11.3 pence in the pound (final dividend via CVA) to non LBHI-controlled creditors</p> <p>21 July 2015 - 8.9 pence in the pound (distribution in specie) to LBHI-controlled creditors</p>
Estimated values of LB UK RE's net property and the prescribed part:	In the absence of qualifying floating charges, The Insolvency Act 1986 (Prescribed Part) Order 2003 does not apply to these proceedings.
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	Not applicable.
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this administration and the proceedings are the main proceedings.

# Section 3: Joint Administrators Remuneration

As previously reported, fees are charged on a time cost basis. The time cost analysis is submitted to the remaining creditor along with such further information that the remaining creditor requires the Administrators to provide, taking into account the requirements of Statement of Insolvency Practice No.9 governing the disclosure of insolvency office holders' time costs and expenses.

Approval of the Administrators' remuneration for the period 1 July 2022 to 31 December 2022, totalling £232k plus VAT, was carried out via a decision by correspondence under Part 15 of the Insolvency (England and Wales) Rules 2016 ("IR16"), dated 6 April 2023. In the previous period £174.3k plus VAT (75%) of fees was drawn. The remaining 25% balance of £58.1k plus VAT (25%) was drawn in the Period.

The Administrators have drawn remuneration of £53.7m plus VAT in total since the commencement of the Administration of which £58.1k plus VAT was paid in the Period.

## Additional analysis of Administrators' remuneration

The following table provides an analysis of the total hours and cost by grade from 1 January 2023 to 14 September 2023 totalling £124.4k plus VAT.

Grade	Hours	Costs (£)
Partner	11.4	15,172
Director	16.7	16,283
Senior manager	43.85	32,992
Manager	26.05	18,434
Senior associate	56.7	28,915
Associate	39.26	12,560
<b>Total</b>	<b>193.96</b>	<b>124,356</b>

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

Activity	Hours	Costs (£)
Working assets/realisations	-	-
Strategy, administration, planning and compliance	97.95	62,766
Tax and VAT	41.01	37,610
Creditor reporting, asset transfer management, reserving and closure	14.05	8,565
Accounting & treasury	37.9	13,860
LBHI Litigation	3.05	1,555
<b>Total</b>	<b>193.96</b>	<b>124,356</b>

## Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the Administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed, and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff.

All of our staff who work on the Administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Time is charged in six-minute units. The minimum time chargeable is three minutes (i.e., 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge out rates per hour for the grades of our staff who already or who are likely to work on the Administration as agreed by the Operating Committee between the period 1 July 2022 to 30 June 2024.

<b>Grade</b>	<b>Core Team (£)</b>	<b>Specialist Team (£)</b>
Partner	1,060	1,385
Director	975	1,310
Senior Manager	715	1,060
Manager	625	775
Senior Associate	510	570
Associate	320	315

## Creditor's rights

The creditor has the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. The creditor can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at: <https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx?la=en>

A copy may be obtained by the creditor free of charge by contacting Alison Lieberman at PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT or by email [alison.b.lieberman@pwc.com](mailto:alison.b.lieberman@pwc.com)

## Receipts and payments account

An account of the receipts and payments in the administration for the six months to 14 September 2023, and the cumulative total since commencement of the administration, is set out in Section 4 of this report.

Key payments in the Period include £91.1k plus VAT for legal fees and £58.1k plus VAT of Administrators' remuneration.

Cash held as at 14 September 2023 totals £0.9m (GBP equivalent).

## Payments to associates

No payments were made to associated companies during the Period.



# Section 4: Receipts and Payments

	As at 14 September 2023			As at 14 September 2023 TOTAL GBP equivalent	Movements from 15 March 2023 to 14 September 2023 (GBP equivalent)	As at 14 March 2023(GBP equivalent) RESTATED at 14 September 2023 exchange rate	As at 14 March 2023 (GBP equivalent)
	GBP (£) mil	US (\$) mil	EUR (€) mil	GBP (£) mil	GBP (£) mil	GBP (£) mil	GBP (£) mil
<b>RECEIPTS</b>							
SNPL recoveries	1.7	63.1	351.2	354.2	-	354.2	363.7
Real estate recoveries	17.9	2.2	83.1	91.0	-	91.0	93.0
Principal investments	69.3	236.9	190.7	423.9	-	423.9	432.6
Other recoveries	0.9	-	-	0.9	-	0.9	0.9
Distributions received	43.4	5.4	-	47.7	-	47.7	47.8
Internal currency transfer	646.5	2.8	1.9	650.4	-	650.4	650.5
Corporation Tax repayments	12.0	-	-	12.0	-	12.0	12.0
VAT repayments	7.6	-	-	7.6	-	7.6	7.6
Interest	1.0	0.9	2.8	4.2	-	4.2	4.3
<b>Receipts Grand Totals</b>	<b>800.3</b>	<b>311.3</b>	<b>629.7</b>	<b>1,591.9</b>	<b>-</b>	<b>1,591.9</b>	<b>1,612.5</b>
<b>PAYMENTS</b>							
Building and occupancy costs	5.3	-	0.1	5.4	-	5.4	5.4
Payroll and employee costs	18.2	-	4.5	22.1	-	22.1	22.2
Legal fees	19.8	0.1	1.1	20.8	0.1	20.7	20.8
Insurance premiums	2.2	-	0.2	2.4	-	2.4	2.4
Principal investments	-	0.3	-	0.2	-	0.2	0.2
Acquisition of Portuguese loan portfolio	-	-	7.3	6.3	-	6.3	6.4
Office holders' remuneration	63.9	-	-	63.9	-	63.9	63.9
Office holders' disbursements	0.3	-	-	0.3	-	0.3	0.3
Other professional fees	5.2	-	2.2	7.1	-	7.1	7.1
Distribution to unsecured creditors	649.6	-	-	649.6	-	649.6	649.6
Legal settlement	-	0.1	0.2	0.3	-	0.4	0.4
Real estate valuation costs	0.2	-	-	0.2	-	0.2	0.2
Firstcity credit facility	-	-	4.0	3.4	-	3.4	3.5
Portuguese tax liability	-	-	1.7	1.5	-	1.5	1.5
Bonus payments in relation to Portuguese assets	-	-	5.7	4.9	-	4.9	5.0
Internal currency transfer	3.3	305.3	566.1	735.7	-	735.7	754.4
LBHI- pursuant to the RATA	19.3	5.4	35.8	54.4	-	54.4	55.4
Transfer to CVA	12.5	-	-	12.5	-	12.5	12.5
<b>Payments Grand Totals</b>	<b>799.8</b>	<b>311.2</b>	<b>628.9</b>	<b>1,591.0</b>	<b>0.1</b>	<b>1,590.9</b>	<b>1,611.3</b>
<b>NET POSITION</b>	<b>0.5</b>	<b>0.1</b>	<b>0.8</b>	<b>0.9</b>	<b>(0.1)</b>	<b>1.0</b>	<b>1.2</b>
<b>CASH BALANCES</b>							
HSBC/ Barclays	0.2	0.0	0.7	0.9	-	-	-
Citibank	-	-	-	-	-	-	-
Money markets	-	-	-	-	-	-	-
<b>Total Cash</b>	<b>0.2</b>	<b>-</b>	<b>0.7</b>	<b>0.9</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exchange rate as at 14 March 2023</b>							
US\$ 1 : GBP		0.8233					
EURO €1 : GBP		0.8828					
<b>Exchange rate as at 14 September 2023</b>							
US\$ 1 : GBP		0.8055					
EURO €1 : GBP		0.8590					

Amounts include VAT where applicable  
Funds are not held in an interest bearing account  
All assets remain unchanged

# Section 5: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Joint Administrators from the estate and includes our fees but excludes distributions to Creditors.

The table should be read in conjunction with the receipts and payments account in Section 4, which shows expenses actually paid during the Period and the total paid to date.

<b>GBP</b>	
<b>Nature of Expenses</b>	<b>Incurred in the Period</b>
Office Holders' Fees	98,821
Legal Fees	70,511
Storage Costs	1,025
Bank Charges	160
<b>Total Expenses</b>	<b>170,517</b>

[pwc.co.uk](https://www.pwc.co.uk)

© 2023 PwC. All rights reserved. PwC refers to the US member firm or one of its subsidiaries or affiliates, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](https://www.pwc.com/structure) for further details. This proposal is protected under the copyright laws of the United States and other countries. This proposal contains information that is proprietary and confidential to PricewaterhouseCoopers LLP, and shall not be disclosed outside the recipient's company or duplicated, used or disclosed, in whole or in part, by the recipient for any purpose other than to evaluate this proposal. Any other use or disclosure, in whole or in part, of this information without the express written permission of PricewaterhouseCoopers LLP is prohibited.

RITM14036365