

Joint Administrators' final  
progress report  
from 15 September 2023 to  
28 November 2023

LB UK RE Holdings  
Limited - In Administration

28 November 2023

High Court of Justice, Chancery Division,  
Companies Court - case 7944 of 2008

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# Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
<b>Company / LBUKRE</b>	LB UK RE Holdings Limited
<b>Administrators / Joint Administrators</b>	DY Schwarzmann, EJ Macnamara, GE Bruce and DJ Kelly of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
<b>Firm</b>	PricewaterhouseCoopers LLP
<b>Insolvency Code of Ethics</b>	The code of ethics aims to help insolvency practitioners meet their professional and ethical obligations. A copy can be found at <a href="https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics">https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics</a>
<b>IR16</b>	Insolvency (England and Wales) Rules 2016
<b>IA86</b>	Insolvency Act 1986
<b>HMRC</b>	HM Revenue and Customs
<b>LBHI</b>	Lehman Brothers Holdings Inc
<b>Period</b>	15 September 2023 to 28 November 2023
<b>Sch.B1 IA86</b>	Schedule B1 to the Insolvency Act 1986
<b>Unsecured creditors</b>	Creditors who are neither secured nor preferential

This report has been prepared by the Joint Administrators of LB UK RE Holdings Limited (In Administration), solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which 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>. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

DY Schwarzmann, EJ Macnamara, GE Bruce and DJ Kelly have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. They are all licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. 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>

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.

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# Key messages

## Why we've sent you this report

We are pleased to let you know that our work in the administration of LBUKRE is now complete and set out below our final report.

You can still view our earlier reports on our website at <https://www.pwc.co.uk/services/business-restructuring/administrations/non-lbie-companies/lb-uk-re-holdings-limited-in-administration.html>

## How much creditors have received

The following table summarises the final outcome for creditors.

Class of creditor	(p in £)
<b>Unsecured creditors</b>	63 pence in the pound to non LBHI-controlled creditors and 60.6 pence in the pound to LBHI-controlled creditors.  Distributions were as follows: 27 September 2012: 30 pence in the pound 2 September 2013: 10 pence in the pound 13 March 2014: 3.2 pence in the pound 27 August 2014: 8.5 pence in the pound 17 July 2015: 11.3 pence in the pound (final dividend via CVA) to non LBHI-controlled creditors 21 July 2015: 8.9 pence in the pound (distribution in specie) to LBHI-controlled creditors

To fulfil the remaining obligations under a residual assets transfer agreement and an expenses deed, both dated 21 July 2015, between LBUKRE and LBHI, a further and final payment of USD801.7k was made to LBHI in the Period.

There were no secured or preferential creditors.

## What you need to do

This report is for your information, and you do not need to do anything.

## What happens next

We are taking steps to file a notice with the Registrar of Companies, to move the Company from administration to dissolution in accordance with paragraph 84 of Schedule B1 to IA86. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies.

In accordance with an Order of the High Court dated 16 November 2023, from the date falling 28 days after that on which the above notice has been registered by the Registrar of Companies, we will (save in respect of claims notified to us by that latter date) be discharged from liability in respect of any act or omission in our capacities as Administrators of the Company, pursuant to paragraph 98 of Schedule B1 to the IA86.

# Overview of our work

## Why we were appointed

When we were appointed, the position was as follows:

- The principal activity of LBUKRE was the management of investments in portfolios of sub-performing, non-performing and performing loans (“SNPL”) and in real estate. LBUKRE utilised employees from Lehman Brothers Limited (in Administration) and operated from the Lehman Group’s former premises at 25 Bank Street, London, E14 5LE.
- The Administrators pursued the objective of achieving a better result for LBUKRE’s creditors as a whole than would be likely if LBUKRE were wound up (without first being in Administration).
- We have achieved this objective by protecting and managing LB UK RE’s assets and realising value from these in an orderly manner, resulting in a total distribution of 63 pence in the pound made to unsecured creditors.

### ***Approval of our proposals***

We issued to creditors our Proposals dated 4 November 2008 for achieving the purpose of administration. The Proposals were approved by creditors at a meeting held on 20 November 2009.

## Asset realisation

All assets were realised during previous reporting periods, and a summary of the key assets realised during the administration is below:

### ***Loan Portfolios***

- The Administrators secured collections from the SNPL portfolios during the administration of GBP1.7m, USD63.1m and EUR 351.2m.

### ***Real estate investments***

- The Administrators realised GBP17.9m, USD2.2m and EUR 83.1m from real estate assets.

### ***Principal investments***

- The Administrators realised GBP69.3m, USD236.9m and EUR190.7m from principal investments.

### ***Inter-company claims***

- Intercompany debts realised or transferred to LBHI or LBHI-controlled creditors totalled GBP43.4m and USD5.4m.

We have now finished realising the Company’s assets.

## Update since our last progress report

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

- Compliance with the Administrators’ various statutory obligations.
- Matters related to preparation for closure of the estate, discharge of the Joint Administrators’ liability and dissolution of the Company.
- A final VAT claim for £107k.

## Connected party transactions

There are no connected party transactions in the Period.

## Investigations and actions

Nothing came to our attention during the Period to suggest that we needed to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

## Tax clearance

We fulfilled our duties as proper officers for tax during the administration and filed VAT and corporation tax returns for all relevant accounting periods. HMRC worked with us to resolve its queries and has no objection to the administration ending.

## Our final receipts and payments account

We set out in Appendix A an account of our final receipts and payments in the administration for the Period.

## Our expenses

We set out in Appendix B a statement of the expenses that we incurred in the Period.

## Our fees

We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters.

## Creditors' rights

Creditors have 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. Creditors 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.pwc.co.uk/services/business-restructuring/administrations/non-lbie-companies/lb-uk-re-holdings-limited-in-administration.html>

You can also get a copy free of charge by telephoning Alison Lieberman (+44) 7889 645197 at PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT.

## Ending the administration

We are taking steps to file with the Registrar of Companies a notice to move the Company from administration to dissolution. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies.

In accordance with an Order of the High Court dated 16 November 2023, from the date falling 28 days after that on which the above notice has been registered by the Registrar of Companies, we will (save in respect of claims notified to us by that latter date) be discharged from liability in respect of any act or omission in our capacities as Administrators of the Company, pursuant to paragraph 98 of Schedule B1 to the IA86.

If you have any questions, please contact Alison Lieberman (alison.b.lieberman@pwc.com).



**D Y Schwarzmann**

**Joint Administrator**

**LB UK RE Holdings Limited**

# Appendices

# Appendix A: Receipts and payments

RECEIPTS	As at 28 November 2023			As at 28 November 2023 TOTAL GBP equivalent GBP (£)	Movements from 15 September 2023 to 28 November 2023 (GBP equivalent) GBP (£)	As at 14 September 2023 (GBP equivalent) RESTATEd at 28 November 2023 exchange rate GBP (£)	As at 14 September 2023 (GBP equivalent) GBP (£)
	GBP (£)	US (\$)	EUR (€)				
	mil	mil	mil				
SNPL recoveries	16	63.1	351.2	356.2	-	356.2	354.2
Real estate recoveries	17.9	2.2	83.1	91.7	-	91.7	91.0
Principal investments	69.3	236.9	190.7	422.5	-	422.5	423.9
Other recoveries	0.9	-	-	0.9	-	-	0.9
Distributions received	43.4	5.4	-	47.7	-	47.7	47.7
Internal currency transfer	646.5	3.6	1.9	651.0	0.6	650.4	650.4
Corporation Tax repayments	12.0	-	-	12.0	-	12.0	12.0
VAT repayments	7.7	-	-	7.7	0.1	7.6	7.6
Interest	10	0.9	2.8	42.2	-	41	4.2
<b>Receipts Grand Totals</b>	<b>800.3</b>	<b>312.0</b>	<b>629.6</b>	<b>1,593.8</b>	<b>0.7</b>	<b>1,593.2</b>	<b>1,591.9</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	22.1
Legal fees	19.9	0.1	1.1	20.9	0.1	20.8	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	6.3
Office holders' remuneration	64.2	-	-	64.2	0.3	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	-	0.3	0.3
Real Estate valuation costs	0.2	-	-	0.2	-	0.2	0.2
Firstcity credit facility	-	-	4.0	3.5	-	3.5	3.4
Portuguese tax liability	-	-	1.7	1.5	-	1.5	1.5
Bonus payments in relation to Portuguese assets	-	-	5.7	4.9	-	4.9	4.9
Internal currency transfer	3.3	305.3	566.8	737.0	0.6	736.4	735.7
LBH- pursuant to the RATA	19.3	6.3	35.8	55.3	0.8	54.5	54.4
Transfer to CVA	12.5	-	-	12.5	-	12.5	12.5
<b>Payments Grand Totals</b>	<b>800.2</b>	<b>312.1</b>	<b>629.6</b>	<b>1,593.8</b>	<b>1.9</b>	<b>1,591.9</b>	<b>1,591.0</b>
<b>NET POSITION</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>1.3</b>	<b>0.9</b>
<b>CASH BALANCES</b>							
HSEC/ Barclays	0.0	0.0	0.0	0.0			
Citibank	0.0	0.0	0.0	0.0			
Money markets	0.0	0.0	0.0	0.0			
<b>Total Cash</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>			
<b>Exchange rate as at 14 September 2023</b>							
US\$ 1 : GBP	0.8055						
EURO 1 : GBP	0.8530						
<b>Exchange rate as at 28 November 2023</b>							
US\$ 1 : GBP	0.7932						
EURO 1 : GBP	0.8672						
Amounts include VAT where applicable							



# Appendix B: 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 Appendix A, which shows expenses actually paid during the Period and the total paid to date.

Nature of Expenses	Incurred in the Period £
Office Holders' Fees	162,528
Legal Fees	24,000
	<b>186,528</b>

Disbursements fall into two categories:

Expense	SIP 9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We do not need approval from creditors to draw Category 1 expenses as these have all been provided by third parties, but we do need approval to draw Category 2 expenses. The sole creditor who approves our fees also has the responsibility for agreeing the basis for payment of Category 2 expenses.

The rate for services provided by the Administrators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost.

There were no Category 2 expenses incurred in the Period.

# Appendix C: Remuneration update

As previously reported, fees were charged on a time cost basis for the period 1 January to 14 September 2023. We agreed a budget with LBHI for the work to be undertaken in the Period, based on an estimate of time costs. Our time costs will exceed the budget, but we will restrict our fees to the budgeted amount as agreed with LBHI. A time cost analysis was submitted to LBHI along with such further information that LBHI required the Administrators to provide, considering 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 January 2023 to 14 September 2023, totalling £124.4k plus VAT, and Administrators' remuneration for the Period, totalling £135.4k plus VAT was carried out via a decision by correspondence under Part 15 of the Insolvency (England and Wales) Rules 2016 ("IR16"), dated 27 October 2023.

Total remuneration drawn in the administration is £54.0m plus VAT. This includes £0.26m paid in the final Period.

We set out below details of our work, disbursements, subcontracted work and payments to associates.

## Our hours and average rates

The following table provides an analysis of the budgeted total hours and cost by grade agreed with LBHI for the Period totalling £135.4k plus VAT. The average hourly rate for the Period is £625.59.

Grade	Hours	Cost (£)
Partner	5.5	5,830
Director	11	10,724
Senior Manager	77	55,055
Specialist Senior Manager	2	2,120
Senior Associate	121	61,710
<b>TOTAL</b>	<b>216.5</b>	<b>135,440</b>

We set out below details of the maximum charge out rates for each grade of our staff we have applied for the work performed during the Period on the Administration:

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

## Payments to associates

No payments have been made to associated parties in the Period.

## Our relationships

We had no business or personal relationships with the parties who approved our fees or who provided services to the administration where the relationship could give rise to a conflict of interest.

## Our work in the Period

Earlier in this section we included an analysis of the time budgeted for various grades of staff. Whilst not an exhaustive list, the key areas of work are as follows:

Area of work	Work undertaken
<b>Strategy and planning</b>	<ul style="list-style-type: none"><li>• Fee analysis</li><li>• Fee resolutions</li><li>• Communications with LBHI</li></ul>
<b>Accounting and treasury</b>	<ul style="list-style-type: none"><li>• Financial reconciliations</li><li>• Payments</li><li>• Cash Management</li><li>• Bank account closures</li></ul>
<b>Closure of estate</b>	<ul style="list-style-type: none"><li>• Preparation of a budget to closure</li><li>• Agree final costs with external suppliers</li><li>• Calculate and make a final payment to LBHI</li><li>• Review and finalise our witness statement in support of the closure and release application</li><li>• Restore the discharge application / arrange for final paperwork to be prepared for counsel to consider the draft order</li><li>• Prepare and complete the final Joint Appointee reviews</li></ul>
<b>Statutory and compliance</b>	<ul style="list-style-type: none"><li>• Preparation and distribution of the 30th Joint Administrators' Progress Report</li><li>• Preparation and distribution of the final Joint Administrators' Progress Report</li><li>• Finalise all books and records</li></ul>
<b>Tax and VAT</b>	<ul style="list-style-type: none"><li>• Prepare and submit a final VAT return to HMRC</li></ul>

## Legal and other professional firms

The Administrators have instructed the following legal professionals on this case to assist with various legal matters in the Administration. The selection of individual legal firms is determined by the jurisdiction and the nature of advice being sought, and whether a conflict exists. All professional firms instructed by the Administrators are required to provide a narrative explanation in support of invoices. All invoices are reviewed before being approved for payment. The Administrators are satisfied that the level of legal and professional costs are appropriate.

Service provided	Name of firm/organisation	Reason selected	Basis of fees
Legal services related to the discharge application	Linklaters LLP	Industry knowledge	Time Costs

# Appendix D: Other information

<b>Court details for the administration:</b>	High Court of Justice, Chancery Division, Companies Court - case 7944 of 2008.
<b>Company's registered name:</b>	LB UK RE Holdings Limited.
<b>Trading name:</b>	LB UK RE Holdings Limited.
<b>Registered number:</b>	05347966.
<b>Registered address:</b>	7 More London Riverside, London SE1 2RT, United Kingdom.
<b>Date of the Joint Administrators' appointment:</b>	15 September 2008.
<b>Joint Administrators' names, addresses and contact details:</b>	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 or email to <a href="mailto:alison.b.lieberman@pwc.com">alison.b.lieberman@pwc.com</a>
<b>Extension(s) to the initial period of appointment:</b>	n/a - Final Report