

**Liquidator's Progress Report****Pursuant to Sections 92A, 104A and 192 of the  
Insolvency Act 1986****S.192**

To the Registrar of Companies

Company Number

06454167

Name of Company

(a) Insert full name  
of company

(a) LB RE Financing No 2 Limited

(b) Insert full name(s)  
and address(es)

We (b)

Bruce Mackay  
Baker Tilly Restructuring and  
Recovery LLP  
25 Farringdon Street  
London EC4A 4ABand Matthew Haw  
Baker Tilly Restructuring and  
Recovery LLP  
25 Farringdon Street  
London EC4A 4ABthe liquidator(s) of the company attach a copy of our Progress Report  
under section 192 of the Insolvency Act 1986The Progress Report covers the period from 26 July 2013 to 25 July  
2014

Signed



Date 22/09/14

Presenter's name,  
address and  
reference  
(if any)Baker Tilly Restructuring and Recovery LLP, 25 Farringdon Street,  
London EC4A 4AB  
Ref BAM/MBO/SLL/QYLBREFI

TUESDAY

A65 30/09/2014 #228  
COMPANIES HOUSE

**IN THE MATTER OF  
LB RE FINANCING NO. 2 LIMITED - IN MEMBERS' VOLUNTARY LIQUIDATION  
("the Company")**

**JOINT LIQUIDATORS' PROGRESS REPORT**

**22 SEPTEMBER 2014**

**BRUCE MACKAY AND MATTHEW HAW  
JOINT LIQUIDATORS**

**BAKER TILLY RESTRUCTURING AND RECOVERY LLP  
25 FARRINGDON STREET  
LONDON  
EC4A 4AB**

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## **LB RE FINANCING NO.2 LIMITED – IN MEMBERS' VOLUNTARY LIQUIDATION**

### **JOINT LIQUIDATORS PROGRESS REPORT**

#### **1. PURPOSE OF REPORT**

This report has been prepared in accordance with insolvency legislation to provide members and the Registrar of Companies with information relating to the progress of the liquidation in the period from 26 July 2013 to 25 July 2014

This report has been prepared solely to comply with the statutory requirements of Section 92A of the Insolvency Act 1986 and Rule 4.49C of the Insolvency Rules 1986 (as amended). It has not been prepared for use in respect of any other purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Neither the Liquidators nor Baker Tilly Restructuring and Recovery 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 report.

#### **2. PROGRESS OF THE LIQUIDATION IN THE PREVIOUS TWELVE MONTHS**

##### **2.1. Realisation of Assets**

As stated in the Declaration of Solvency a receivable with an estimated realisable value of \$1,358,141,963 was due to the Company from Lehman Brothers Holdings Inc ("LBHI"). In accordance with the Modified Third Amended Joint Chapter 11 Plan of LBHI and its Affiliated Debtors the Liquidators have received five distributions from LBHI to date, totalling \$1,452,913,378. Details of the distributions are set out below -

<b>Distribution No.</b>	<b>Date Declared</b>	<b>Value of Distribution</b>
1.	17 April 2012	\$313,803,234.44
2.	1 October 2012	\$211,544,751.38
3.	4 April 2013	\$266,997,713.02
4.	1 October 2013	\$316,715,367.32
5.	1 April 2014	\$343,852,311.68
		<b><u>\$1,452,913,377.84</u></b>

You will note that the first distribution from LBHI was declared prior to our appointment, and it is understood that LBHI held the first distribution to the order of Alvarez & Marsal. Shortly following our appointment the Liquidators requested that LBHI release the distribution and successfully secured the proceeds.

LBHI has recently given notice that a sixth distribution is likely to be declared on 2 October 2014. The total value of the distributions received from LBHI has now exceeded the estimated realisable value as set out in the Declaration of Solvency, and it is understood that the Company will continue to receive bi-annual distributions from LBHI until further notice, although the quantum of the distributions is likely to decrease as distributable funds in the LBHI estate deplete.

From funds withheld by the Liquidators from earlier LBHI distributions, the Company made a loan of \$50,000,000 to LB RE Financing No 1 Limited ("Fin 1") (the Company's shareholder) to enable the shareholder to join a "Pension Club Deal" which is further detailed at section 2.4 of this report. During the reporting period the loan was repaid in full together with interest of \$395,833.

During the year to 25 July 2014 bank interest of \$78,459 and £35.83 has been received on funds held in the liquidation accounts. The investment of funds is periodically reviewed to ensure that the rate of interest received is favourable.

A small tax refund of £78 has also been received and relates to an overpayment of Corporation Tax for the period from 26 July 2012 to 25 July 2013.

## **2.2. Tax Matters**

Lehman Brothers Limited ("LBL") has prepared the Company's pre-appointment Corporation Tax returns for the following periods -

1 December 2010 to 30 November 2011, and  
1 December 2011 to 25 July 2012

Both returns have been submitted to HM Revenue & Customs ("HMRC") who have acknowledged receipt of the returns and have agreed that no tax liability is due for the periods of the returns.

The Liquidators have submitted a Corporation Tax return to HMRC for the first year of liquidation, and a tax liability of £9,777 was settled, although a small refund of £78 has now been received in relation to this period, as noted in 2.1 above.

## **2.3. Payments to creditors**

Shortly following their appointment the Liquidators advertised a notice to prove debts in the London Gazette, the Wall Street Journal, the Financial Times and the New York Journal, and potential creditors were given until 31 August 2012 to submit claims. To date no claims have been received.

In addition to our advertising for claims Alvarez & Marsal have confirmed they contacted the entire Lehman group to notify them of the appointment of Liquidators and asking them to submit any claims they might have by 31 August 2012. Again no claims have been received.

## **2.4. Potential Pension Scheme Liability**

### **Background**

The Company was one of 74 targets named in the Pensions Regulator's "Warning Notice" in respect of a proposed Financial Support Direction ("FSD") in relation to the Lehman Brothers Pension Scheme ("the Scheme") and was also among 44 targets considered by the Determinations Panel of the Pensions Regulator ("the DP") at a hearing in September 2010.

In September 2010 the DP determined that FSDs should be imposed against 6 of the targets. The DP determined, however, that no FSD should be issued against 38 of the original target entities including the Company (the “Successful Targets”). The trustees of the Scheme (“the Trustees”) referred the decision not to issue FSDs against the Successful Targets to the Upper Tribunal.

It is understood that the Company has never been a participating employer for the purposes of the Scheme and so they have no direct obligation to contribute to or meet the deficit under the Scheme.

Prior to the expiry of the notice to prove claims (i.e. 31 August 2012) the Trustees of the Scheme notified the Liquidators of a potential claim of £125m against the Company in respect of the Trustees’ then estimate of the Scheme deficiency. As it stands no FSD has been imposed against the Company and therefore the Company does not have any current obligation to provide financial support to the Scheme. It is also worthy of note that although the Liquidators were notified of the potential claim no proof of debt form has been received to date.

#### **Pension Club Deal (“PCD”)**

During the course of 2012 it was proposed that the Company, together with an additional 10 Lehman companies, sign up to a PCD. Each of the companies would then make a contribution towards an escrow account which would hold a total of £153.1m. If the Court then ordered a payment in relation to the Scheme deficit, funds from the escrow account would be used to settle the liability together with any associated costs.

The Company signed up to the PCD as a contributing party on 28 May 2013 and paid a de minimis contribution of £1 to the escrow account. In order for Fin 1 (the Company’s shareholder) to make its agreed contribution of \$50m to the PCD the Company loaned \$50m to Fin 1.

In August 2013 the pension Trustees advised that the Scheme deficit has increased from £119m to £230m and the PCD was then terminated on the basis it did not hold sufficient funds to meet the Scheme’s revised deficit and was no longer effective. The £50m loan to Fin 1 was returned to the Company together with interest.

#### **Pension Settlement Deed (“PSD”)**

The Supreme Court ruled that the FSD should be classed as a ‘provable debt’ which would rank alongside other unsecured debt, and last September a High Court judge ruled that the Pensions Regulator (“TPR”) could issue multiple contribution notices that exceeded the Scheme’s section 75 debt.

Following the above rulings the Scheme and TPR entered into settlement discussions and in August 2014 a settlement was reached. The Company was party to the PSD which has extinguished the threat of the potential pension liability and has allowed the successful distribution of the \$50m Liquidation Holdback Fund to the shareholder, Fin 1 (see 3.1 below).

## 2.5. Change in Joint Liquidator

Please note that Geoffrey Carton-Kelly has left Baker Tilly Restructuring and Recovery LLP and has therefore resigned as Joint Liquidator of the Company. Following an application to the High Court, Matthew Haw, a Licensed Insolvency Practitioner and Member of Baker Tilly Restructuring and Recovery LLP has been appointed in his stead. The High Court made the relevant order approving Matthew Haw's appointment on 30 April 2013. A Notice to this effect was advertised in the London Gazette on 17 May 2013 and in accordance with the terms of the Order, Geoffrey Carton-Kelly was released from office with effect from 7 June 2013. This change in office holder will have no impact on the administration of the liquidation.

## 2.6. Administration and Planning

All statutory tasks have been completed in a timely manner including the drafting and circulation of appointment documentation, filing statutory forms at Companies House, maintaining the receipts and payments account and completing and submitting Corporation Tax returns to HMRC.

Case reviews have been conducted periodically in order to review case strategy and progression. At the time of a case review we also reconsider the level of the insolvency bond and review the investment of funds.

## 3. DISTRIBUTIONS TO SHAREHOLDER

### 3.1 Distributions

Details of the cash distributions that have been made to the shareholder, Fin 1, are shown below.

Date Declared	£ per share	Value of Dividend [£]	Value of Dividend [\$]
25 September 2012	0.03319677	£154,459,973.01	\$262,803,234.44
10 October 2013	0.02669453	£124,333,312.18	\$211,544,751.38
1 April 2013	0.03548950	£156,925,235.85	\$266,997,713.02
1 October 2013	0.04000684	£186,146,289.99	\$316,715,367.32
1 April 2014	0.04343472	£202,095,757.67	\$343,852,311.68
Totals		<u>£823,960,568.69</u>	<u>\$1,401,913,377.84</u>

Please note that all cash distributions have been paid in US Dollars, and the value of the distribution in Sterling is an approximate conversion as at the date of the Receipts and Payments account attached to this report (USD GBP 0.58774 - 25 July 2014).

A further \$50m distribution was paid to the shareholder on 20 August 2014 from the release of the Holdback Fund (see 2.4 above), but as it falls outside the reporting period it will be detailed in the Liquidators' next progress report.

The Liquidators anticipate making the next distribution to the shareholder in early October 2014

#### **4. MATTERS PREVENTING CLOSURE**

##### **4.1 Potential Claim for Compensation for Mis-selling of Interest Rate Hedging Product**

As you may be aware, a settlement agreement was recently reached between the Financial Conduct Authority ("FCA") and certain major banks, in relation to the sale of interest rate hedging products. The Liquidators are currently investigating whether or not the Company was sold a relevant Interest Rate Hedging Product, and whether there is an entitlement to redress whether inside the framework of the FCA settlement, or otherwise.

The Liquidators are aware that a number of banks are in the process of developing a methodology to implement the terms of the settlement reached with the FCA in respect of the sale of these products. Our understanding is that this process will take several months to refine and finalise and, until such time, the Liquidators' own investigations cannot be completed.

##### **4.2 Assets Remaining to be Realised**

Additional distribution receipts are expected from LBHI on a bi-annual basis until further notice. Until the collection of the distributions has been completed, it is anticipated that the Liquidation will remain open.

#### **5. RECEIPTS AND PAYMENTS SUMMARY**

Attached at Appendix B is a summary of the Liquidators' Receipts and Payments for the period of the liquidation.

##### **VAT Basis**

Receipts and payments are shown net of VAT, however the Company was not VAT registered and consequently VAT is not recoverable from HM Revenue and Customs. The irrecoverable VAT is shown in the receipts and payments account as a "cost of realisation".

#### **6. COSTS AND LIQUIDATORS' REMUNERATION**

##### **6.1. Liquidators' Remuneration and Disbursements**

The basis of the Joint Liquidators' remuneration was set out in an engagement letter dated 23 July 2012. The engagement letter was signed by the director of the Company and countersigned by a duly authorised representative of the shareholder, Fin 1.

The shareholder also approved the following written resolution on 26 July 2012 -

"That the fees and expenses incurred by the Joint Liquidators shall be provided for and paid in accordance with the fee arrangements contained in the engagement letter dated 23 July 2012 between the Company, Baker Tilly Restructuring and Recovery LLP and LB RE Financing No 2 Limited."

In accordance with the agreed agreements, the Joint Liquidators have drawn fixed fees of £150,000 00 plus disbursements and VAT for the first year of the liquidation, and have drawn further fixed fees of £60,000 00 plus disbursements during the second year of liquidation

Approval was also given to the drawing of disbursements, including category 2 disbursements. Details of the current rates are attached at Appendix D

## **6.2. Disbursements incurred in the period from 26 July 2013 to 25 July 2014**

Category 2 disbursements incurred in the period are detailed in Appendix E

## **7. LIQUIDATORS' STATEMENT OF EXPENSES**

A statement of the expenses incurred during the period, is attached at Appendix F. This includes all expenses incurred by the Liquidators in the period of the report irrespective of whether they have been paid or not and may include estimated amounts where actual invoices have not been received. The receipts and payments abstract at Appendix B sets out the expenses actually paid in the period.

The shareholder has agreed the pre-liquidation advisory fees in the sum of £38,910 32 plus VAT for providing the directors and shareholder with general advice and assisting with the preparation of the Liquidation documentation. £38,910 32 has been paid to Baker Tilly Restructuring and Recovery LLP.

### **Detailed cost breakdown**

Attached to this report are two Appendices relating to our costs on this assignment:

- Appendix D: Joint Liquidators' charge out and disbursement rates, and
- Appendix C: A copy of Baker Tilly Restructuring and Recovery LLP's charging, expenses and disbursements policy statement

### **Other professional costs**

Wragge & Co, solicitors, were instructed to assist with the review of the liquidation documentation and to provide advice in connection with the potential Pension Scheme liability. Wragge & Co have also assisted with the review and agreement of the PCD, PSD and other related documentation. The Liquidators have agreed their remuneration on the basis of their standard hourly charge-out rates, plus VAT and disbursements, and their agreed fees to date of £102,397 02 plus VAT have been paid.

## **8. MEMBERS' RIGHT TO INFORMATION AND ABILITY TO CHALLENGE REMUNERATION AND EXPENSES**

In accordance with the provisions of Rules 4.49E and 4.148C of the Insolvency Rules 1986, members have a right to request further information about remuneration or expenses and to challenge such remuneration or expenses.

A request for further information must be made in writing within 21 days of receipt of this report.

Members of the Company with at least 10% of the total voting rights of all members having the right to vote at general meetings of the Company, or any members with the permission of the court, may apply to court that the remuneration charged, the basis fixed or expenses incurred by the liquidator are in all the circumstances excessive

Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of remuneration or incurring of the expenses in question

If you would like a copy of A Shareholders Guide to Liquidator's Fees, please let me know

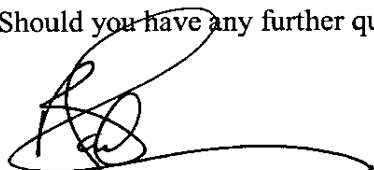
## **9. GENERAL MEETING OF THE MEMBER**

Following the successful distribution of the Liquidation Holdback Fund to the shareholder on 20 August 2014, the Liquidators would like to seek the approval of the Member (Fin 1) to draw the success fee as set out in the original letter of engagement dated 23 July 2012. At the same time the Liquidators would also like to seek approval to increase the quarterly fee instalment from £15,000.00 to £20,000.00 effective from Q1 of 2014. These variations to the original agreement set out in the letter of engagement have been discussed with Alvarez & Marsal and agreed in principle, subject to formal resolution by the Member.

To give effect to the above fee arrangement, the Liquidators will convene a General Meeting of the Member at which you will be asked to vote on resolutions to approve the Liquidators' remuneration. The Meeting of the Member will be convened pursuant to Rule 4.148A(2C) of the Insolvency Rules and details of the meeting can be found at Appendix H.

In order to vote on the resolutions set out in the enclosed form of proxy the Member will need to complete the form and nominate a duly authorised representative of Fin 1 as a proxy holder to attend the meeting on 10 October 2014. The Liquidators should be grateful if the proxy form could be completed, signed and returned to us by no later than midday on 9 October 2014. You may fax this to us if you wish.

Should you have any further queries please do not hesitate to contact me



**Bruce Alexander Mackay**  
**Baker Tilly Restructuring and Recovery LLP**  
**Joint Liquidator of LB RE Financing No. 2 Limited**

Bruce Mackay and Matthew Haw are licensed to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants in England and Wales

**Appendix A****COMPANY INFORMATION**

Company Name	LB RE Financing No. 2 Limited
Joint Liquidators	<ul style="list-style-type: none"><li>➤ Bruce Mackay appointed 26 July 2012;</li><li>➤ Matthew Haw appointed 30 April 2013, and</li><li>➤ Geoffrey Carton-Kelly appointed 26 July 2012 and released 7 June 2013</li></ul>
Date of Appointment	26 July 2012
Company Number	06454167
Date of Incorporation	14/12/2007
Trading Name	LB RE Financing No 2 Limited
Trading Address	c/o Puxon Murray LLP, 1 Royal Exchange House, London, EC3V 3LT
Principal Activity	Intermediary holding company
Registered Office	c/o Baker Tilly Restructuring and Recovery LLP, 25 Farringdon Street, London EC4A 4AB
Previous Registered Office	c/o Puxon Murray LLP, 1 Royal Exchange House, London, EC3V 3LT

# Appendix B

## SUMMARY OF RECEIPTS AND PAYMENTS JULY 2012 TO 25 JULY 2013

	DofS Value \$	26 July 2012 to 25 July 2013	26 July 2013 to 25 July 2014	26 July 2012 to 25 July 2014 Consolidated £
<b>ASSET REALISATIONS</b>				
Bank Interest Gross	0 00	59 323 72	78 458 87	84 503 82
Interest due on loan to LB RE Financing No 1 Ltd	0 00	-	-	232 647 08
Loan due from LB RE Financing No 1 Ltd	0 00	-	50 000 000 00	29 387 000 00
Loan due from Lehman Brothers Holdings Inc	1 358 141 963 00	792 345 698 84	660 567 679 00	853 935 308 69
Tax Refund	0 00	-	-	77 71
	<u>1 358 141 963 00</u>	<u>792 405 022 56</u>	<u>711 041 971 00</u>	<u>883 638 537 30</u>
<b>COST OF REALISATIONS</b>				
Advertisements	0 00	-	-	(2 498 55)
Bank Charges	0 00	(6 446 86)	(10 952 52)	(10 307 31)
Joint Liquidators' Disbursements	0 00	-	-	(389 00)
Joint Liquidators' Fees	0 00	-	-	(1 110 38)
Legal Fees	0 00	-	-	(210 000 00)
Pre Liquidation Advisory Fees	0 00	-	-	(102 397 02)
TPR Court Costs Awarded	0 00	-	-	(38 910 32)
Corporation Tax	0 00	-	-	(40 279 80)
Loan to LB RE Financing No 1 Limited	0 00	(50 000 000 00)	-	(10 444 85)
VAT Irrecoverable	0 00	(55 570 07)	-	(29 387 000 00)
		<u>(50 006 446 86)</u>	<u>(10 952 52)</u>	<u>(70 983 24)</u>
				<u>(29 873 931 47)</u>
<b>UNSECURED CREDITORS</b>				
Trade and Expense Creditors	0 00	-	-	-
	<u>0 00</u>			
<b>EQUITY</b>				
Ordinary £1	(1 70)	(0 14)	(0 13)	(0 16)
Ordinary \$1	(7 916 530 893 00)	(741 345 698 70)	(660 567 678 87)	(823 960 568 53)
	<u>(7 916 530 891 30)</u>	<u>(741 345 698 84)</u>	<u>(660 567 679 00)</u>	<u>(823 960 568 69)</u>
				<u>29 805 037 14</u>
<b>REPRESENTED BY</b>				
Bank - GBP Current	(6 558 368 928 30)	-	-	165 474 29
Bank - USD Current		-	42 924 34	25 228 35
Bank - USD Deposit		-	50 473 219 37	29 665 129 95
FX Gain (loss)		-	-	(50 795 45)
				<u>29 805 037 14</u>

Fx Rates 25/07/2014

USD GBP 0.58774

N B Since the cut off date of this Receipts and Payments account a distribution of \$50,000,000 has been paid to the shareholder

## **Appendix C**

### **BAKER TILLY RESTRUCTURING AND RECOVERY LLP**

#### **CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT**

##### **Charging policy**

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time.
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done
- The current charge rates for Baker Tilly Restructuring and Recovery LLP London are attached
- Time billed is subject to Value Added Tax at the applicable rate.
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it.
- Baker Tilly Restructuring and Recovery LLP's charge out rates are reviewed periodically

##### **Expenses and disbursements policy**

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to members, but do not require members' approval prior to being drawn from the insolvency estate. These are known as "Category 1" disbursements
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) or payments to outside parties that the firm or any associate has an interest in, require the approval of members prior to being drawn from the insolvency estate. These are known as "Category 2" disbursements
- A resolution to consider approving "Category 2" disbursements at the rates prevailing at the time the cost is incurred to Baker Tilly Restructuring and Recovery LLP London will be proposed to the relevant parties responsible for approving remuneration
- General office overheads are not re-charged to the insolvency estate as a disbursement.
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of the relevant parties responsible for approving remuneration.
- Where applicable, expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate

## Appendix D

### BAKER TILLY RESTRUCTURING AND RECOVERY LLP – LONDON JOINT LIQUIDATORS' CURRENT CHARGE OUT AND CATEGORY 2 DISBURSEMENT RATES

HOURLY CHARGE OUT RATES		
	Rate at commencement £	Current rate £
Partner	485	485
Associate Directors	300-400	300 to 410
Managers	250	250 to 265
Assistant Managers	200	200 to 220
Administrators	125-180	145-180
Support staff	100-125	100-105

“CATEGORY 2” DISBURSEMENT RATES (TABLE A)	
<b>Travel &amp; Subsistence</b>	
Motor travel	40p per mile (from 1 April 2010) 42.5p per mile (from 1 April 2011)
Subsistence	£23
<b>Circulars to Members / Creditors</b>	
Labels	£0.16 (BT) or £0.01 (avery lain – 7163) each
Headed paper	£0.08 per sheet
Plain paper	£0.08 per sheet
Large envelopes	£0.22 each
Small envelopes	£0.08 each
Photocopying charge	£0.04 (black & white) £0.20 (colour) per sheet
<b>Stationery</b>	
Lever arch files	£0.75 per file
Cashiering files	£0.75 per file
A-Z dividers	£1.75 per set
1-31 dividers	£2.88 per set
Coloured dividers (5 part)	£0.49 per set
Coloured dividers (10 part)	£0.99 per set
Multi-punch pockets	£0.03 per pocket
Storage boxes	£1.50 per box
<b>Sundry</b>	
Internal room hire (for meetings)	£50-200 dependent on room

**Appendix E****JOINT LIQUIDATORS' CATEGORY 2 DISBURSEMENTS TABLE**

<b>Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest</b>		
<b>Recipient, Type and Purpose</b>	<b>Paid</b>	<b>Unpaid</b>
	<b>£</b>	<b>£</b>
None for the period of this report	nil	nil
<b>Total</b>	nil	nil

## Appendix F

### STATEMENT OF EXPENSES INCURRED BY THE JOINT LIQUIDATORS' IN THE PERIOD FROM 26 JULY 2013 TO 25 JULY 2013

Type and Purpose	Incurred in Period	Incurred in Period
	\$	£
Bank Charges	10,952 52	60 00
Joint Liquidators' Disbursements	-	389 00
Joint Liquidators' Fees	-	60,000 00
Legal Fees	-	16,676 86
TRP Court Costs Awarded	-	40,279 80
Corporation Tax	-	9,998 69
VAT Irrecoverable	-	15,413 17
<b>Total</b>	<b>10,952.52</b>	<b>142,817.52</b>

## Appendix G

### TABLES OF CASH AND 'IN SPECIE' DISTRIBUTIONS MADE TO SHAREHOLDERS

#### A. Cash Distributions

Date Declared	£ per share	Value of Distribution £	Value of Distribution \$
25 September 2012	0.033196767	154,459,973.01	262,803,234.44
10 October 2013	0.026694530	124,333,312.18	211,544,751.38
1 April 2013	0.035489502	156,925,235.85	266,997,713.02
1 October 2013	0.040006838	186,146,289.99	316,715,367.32
1 April 2014	0.043434721	202,095,757.67	343,852,311.68
<b>Totals</b>		<b>823,960,568.69</b>	<b>1,401,913,377.84</b>

Please note that the all cash distributions have been paid in Dollars, and the value of the distribution in Sterling in an approximate conversion as at the date of the Receipts and Payments account

**Fx Rate 25/07/2014**

USD GBP 0.58774

#### B. Distributions made 'in specie'

Date	Asset	Value	Basis of Valuation	To whom distributed and in what proportion
N/a	N/a	N/a	N/a	N/a

Rule 4 148A(2C)

**NOTICE OF A MEETING OF THE MEMBER****LB RE FINANCING NO.2 LIMITED  
IN MEMBERS' VOLUNTARY LIQUIDATION****COMPANY NO: 06454167**

A general meeting of the member of the above named company has been summoned by the Joint Liquidators, pursuant to Rule 4 148A(2C) of the Insolvency Rules for the purpose of considering the following resolutions

- 1 That following the successful distribution of the Liquidation Holdback Fund on 20 August 2014, the Joint Liquidators are hereby authorised to draw a success fee in the sum of \$125,000 00 being ¼% of the \$50,000,000 00 distributed to the shareholder
2. That with effect from Q1 2014 (i.e. from 1 January 2014) the Liquidators are authorised to increase the quarterly instalments of their fixed fees, which were originally approved by shareholder resolution on 26 July 2012, from £15,000 00 to £20,000 00

The meetings will be held as follows -

Date 10 October 2014

Time 10 30 am

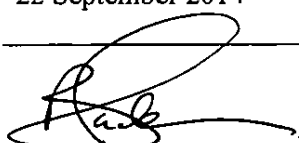
Place Baker Tilly, 25 Farringdon Street, London, EC4A 4AB

Insert date and time by which proxy is to be lodged which should be not more than 4 days before the date fixed for the meeting

A proxy form is enclosed which must be lodged with me not later than 12 00 noon on 9 October 2014 to entitle you to vote by proxy at the meeting together with a completed proof of debt form if you have not already lodged one

Dated 22 September 2014

Signed



**Bruce Mackay  
Baker Tilly Restructuring and Recovery LLP  
Joint Liquidator**

Statement of rights under Section 324-325 Companies Act 2006

A member of a company is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the company

A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him

A proxy need not be a member of the Company

Members' Proxies to be used at the company meeting must be lodged with Baker Tilly Restructuring and Recovery LLP 25 Farringdon Street, London EC4A 4AB no later than 12 00 noon on 9 October 2014

## APPENDIX I

### Rule 8.1

### Insolvency Act 1986

Proxy (Members' Voluntary Winding Up)

### LB RE FINANCING NO.2 LIMITED IN MEMBERS' VOLUNTARY LIQUIDATION

Name of Member \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Please insert name of person (who must be 18 or over) or the chairman of the meeting (see note below) if you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Name of Proxy Holder

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the member's proxy holder at the meeting of the member to be held on 10 October 2014, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion)

Voting Instructions for resolutions -

Any other resolutions which the proxy-holder is to propose or vote in favour of or against should be set out in numbered paragraphs in the space provided. If more room is required please use the other side of this form

- 1 That following the successful distribution of the Liquidation Holdback Fund on 20 August 2014, the Joint Liquidators are hereby authorised to draw a success fee in the sum of \$125,000.00 being ¼% of the \$50,000,000.00 distributed to the shareholder

**\*ACCEPT/REJECT**

- 2 That with effect from Q1 2014 (i.e. from 1 January 2014) the Liquidators are authorised to increase the quarterly instalments of their fixed fees, which were originally approved by shareholder resolution on 26 July 2012, from £15,000.00 to £20,000.00

**\*ACCEPT/REJECT**

**\* Delete as appropriate**

This form must be signed

Signature \_\_\_\_\_ Date \_\_\_\_\_

Only to be completed if the creditor/member has not signed in person

Name in CAPITAL LETTERS \_\_\_\_\_  
Position with creditor/member or relationship to creditor/member or other authority for signature \_\_\_\_\_

Please note that if you nominate the chairman of the meeting to be your proxy-holder he will either be the current liquidator or a person nominated by the liquidator (who will either be another insolvency practitioner or a member of the liquidator's staff who is experienced in insolvency matters)