

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 III LP (“LP III”)

EUR 500,000,000 FIXED/FLOATING RATE ENHANCED CAPITAL ADVANTAGED PREFERRED SECURITIES (“LP III PREFERRED SECURITIES”)

ISIN XS0243852562

3 February 2026

Liquidation of LB GP No.1 Ltd (“the Company”) and implications for parties interested in the LP III 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) interest in the LP III 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 III and certain information is sourced from third parties. Any statements about the future outlook for LP III may be influenced by factors that could cause actual outcomes and results to be materially different and be out of the Joint Liquidators’ control. As a result, you should not rely on any forward-looking statements. Any forward-looking statements included in this notice are made or relayed only as of the date of this notice, and except as otherwise required by law, the Joint Liquidators undertake no obligation to test, audit, confirm, publicly update, or revise any such forward-looking statements to reflect subsequent events, circumstances or otherwise.

2 QUALIFICATION STATEMENT

- 2.1 This notice has been prepared using information obtained by (i) Matthew Robert Haw; and (ii) David Frederick Shambrook acting as the Joint Liquidators of the Company; and (ii) acting as licensed insolvency practitioners specifically in relation to winding up:
 - 2.1.1 Lehman Brothers UK Capital Funding LP (“LP I”)

- 2.1.2 Lehman Brothers UK Capital Funding II LP (“**LP II**”)
- 2.1.3 Lehman Brothers UK Capital Funding III LP (“**LP III**”)
- 2.1.4 Lehman Brothers UK Capital Funding IV LP (“**LP IV**”)
- 2.1.5 Lehman Brothers UK Capital Funding V LP (“**LP V**”),

(together “**the Partnerships**” or individually a “**Partnership**” as the context requires).

- 2.2 Reference to the Joint Liquidators throughout this notice also includes (where the context requires) Matthew Robert Haw and David Frederick Shambrook acting as insolvency practitioners for the purpose of winding up the Partnerships. Pursuant to the order of his Honour Judge Cawson KC dated 28 May 2024, David Fredrick Shambrook was appointed as Joint Liquidator of the Company and Bruce Alexander Mackay was removed from office both with effect from 30 April 2024. This change in the Joint Liquidators of the Company was effected on account of the retirement of Bruce Alexander Mackay from RSM UK Restructuring Advisory LLP. A Notice to this effect was advertised in the London Gazette on 30 May 2024, and in accordance with the terms of the order, Bruce Alexander Mackay was released from liability on 27 June 2024. The costs of the application were met by RSM UK Restructuring Advisory LLP. Paragraph 5 of the order sets out the appointment of David Frederick Shambrook alongside Matthew Robert Haw to also wind up the affairs of the Partnerships in their capacity as insolvency practitioners.
- 2.3 This notice provides an update regarding the progress of the liquidation of the Company and winding up of the Partnerships. This notice should not be used for any other purpose, and it cannot be relied upon to inform any investment decision in relation to any debt or financial interest in LP III and the Partnerships. We caution those parties interested in the LP III 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 III and/or any of the Partnerships.
- 2.4 The information set out in this notice is being distributed to all of those that are recorded as account holders in the relevant clearing system in relation to the LP III Preferred Securities (“**the Account Holders**”) at the same time. Further, a notice will be published via stock exchange announcements and Bloomberg explaining that this notice is available to Account Holders, such that the information set out in this notice does not constitute material non-public information.
- 2.5 Neither the Joint Liquidators nor their firm, RSM UK 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.

- 2.6 This notice should be read in conjunction with the previous notices to the Account Holders issued by the Joint Liquidators, copies of which are available on request. To avoid unnecessary repetition, the content of earlier reports has not been included below unless directly relevant to the current update.
- 2.7 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.
- 2.8 The Joint Liquidators, on behalf of the Company and the Partnerships, reserve all rights against third parties on all matters and no conclusion should be drawn by third parties as to the Joint Liquidators' and/or the Partnerships' position or legal arguments on any such matters from information contained or not contained within this notice.

3 **BACKGROUND**

- 3.1 Bruce Alexander Mackay and Matthew Robert Haw of RSM UK Restructuring Advisory LLP were appointed as joint liquidators ("**the Joint Liquidators**") of the Company on 28 February 2017. The Joint Liquidators have issued nine earlier detailed notices to Account Holders. As explained above, David Frederick Shambrook replaced Bruce Alexander Mackay as a joint liquidator with effect from 30 April 2024. To avoid unnecessary repetition, Account Holders are referred to earlier reports for detail relating to historic matters and this report focuses on current relevant issues. Where possible, the same defined terms are used in this notice as used in earlier updates.
- 3.2 Although this specific notice is addressed and has been distributed (to the extent possible) to the Account Holders of the LP III Preferred Securities with ISIN XS0243852562 issued by LP III, this notice contains information that may be relevant to each of the Partnerships and is therefore to be read as a composite update to enable the Account 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 Account Holders of Securities issued by each of the Partnerships.

4 **THE PARTNERSHIPS' ASSETS**

Cash held in the Partnerships

- 4.1 The table below summarises the cash balances held by each of the Partnerships as at 26 January 2026 after deducting cost of realisations and the payment of the distributions made to the Account Holders.

Receipts and payments summaries as at 26 January 2026

	LP I EUR	LP II EUR	LP III EUR	LP IV EUR	LP V USD
Asset Realisations					
Matured money market investment	-	-	12,820,347	10,817,135	26,729,664
Swaps settlement	-	-	-	-	2,000,000
BNYM custody account opening balance	3,661	1,082	30	-	-
Partnership Assets - Subordinated Notes - Tier X	42,536,494	66,028,012	87,981,171	-	-
Partnership Assets - Subordinated Notes - Tier Y	20,560,161	31,914,867	42,526,002	-	-
Initial re-balancing of costs	-	-	3,538,030	-	-
Bank Interest	14,289	22,179	418,920	12,449	1,133,402
	63,114,605	97,966,141	147,284,500	10,829,584	29,863,065
Cost of Realisation					
Funding contributed to LB GP No.1 Ltd	-	-	(6,025,563)	(1,189,875)	(3,160,263)
Payment of Tier X Reserve to GP1	(5,124,689)	(7,954,888)	(10,599,749)	-	-
Payment of Tier Y Reserve to GP1	(2,840,496)	(4,409,210)	(5,875,195)	-	-
Initial re-balancing of costs	(1,386,230)	(2,151,800)	-	-	-
Bank charges	-	-	(14)	(34)	(196)
Realised Fx Loss	-	-	(3,699)	-	-
	(9,351,416)	(14,515,898)	(22,504,221)	(1,189,909)	(3,160,459)
Distributions					
ECAPS Accountholders	-	-	-	(9,000,000)	(25,000,000)
ECAPS Accountholders - Tier X	(36,025,575)	(55,921,324)	(80,919,451)	-	-
ECAPS Accountholders - Tier Y	(17,719,665)	(27,505,657)	(36,650,807)	-	-
	(53,745,239)	(83,426,981)	(117,570,259)	(9,000,000)	(25,000,000)
Current cash balances (Base currency)	€17,949	€23,261	€7,210,021	€639,675	\$1,702,606
Current cash balances (GBP equivalent)	£15,559	£20,164	£6,250,018	£554,504	£1,255,239

Note: The future realisations of LP I, LP II and LP III will depend upon eventual recoveries from LBH in relation to the Sub-Notes claims. Liquidation costs remain subject to re-apportionment in due course.

Fx rate GBP:EUR (Bank of England 23.01.2026) = 1.1536

Fx rate GBP:USD (Bank of England 23.01.2026) = 1.3564

Claims by LP I, LP II and LP III against Lehman Brothers Holdings Plc (“LBH”)

- 4.2 Paragraphs 4.3 to 4.48 are only of direct relevance to the Account Holders of Securities issued by LP I, LP II, and LP III.
- 4.3 LBH issued subordinated loan 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.
- 4.4 The Joint Administrators of LBH have issued an updated estimated outcome statement for LBH as at 13 October 2025, which is available for view on PwC’s website as follows:
- [LBH plc Estimated Outcome Statement 13 October 2025.pdf](#)
- 4.5 The above link provides a narrative update relating to matters impacting the financial outcome for creditors of the LBH estate together with an updated estimated financial outcome statement and is directly relevant to the estimated

value of the three Partnerships' claims for payment of a dividend by LBH in relation to the subordinated notes.

- 4.6 The updated estimated outcome statement is based upon various assumptions which are explained in the estimated statement referred to in the above link.

Priority of subordinated claims against LB Holdings Intermediate 2 Limited ("LBHI2") and LBH

- 4.7 As explained in previous update notices, the subordinated claims of LBH against LBHI2, and of LP I, LP II, and LP III against LBH were found by the Court of Appeal to rank ahead of the respective claims of Scottish LP 3 and Lehman Brothers Holdings Inc. ("**LBHI**"). An application by LBHI to the Supreme Court for permission to appeal was not successful. The litigation that concluded in the Court of Appeal is hereinafter referred to as the "**ECAPS 1 Applications**" or "**ECAPS 1**".

March and April 2023 priority legal issues application and related Court applications

- 4.8 In March and April 2023 new directions applications were issued to seek the Court's determination on certain new areas of contention arising in relation to LBH's estate. The applications are summarised as follows:
- 4.8.1 Application notice dated 14 March 2023 between (1) The Joint Administrators of LBH and (2) the Company, (3) LBHI and (4) Deutsche Bank A.G. (London Branch) ("**DB**") whereby the Joint Administrators of LBH sought directions from the Court on the priority and payment of future distributions to the subordinated creditors of LBH (the "**ECAPS 2 Priorities Application**");
- 4.8.2 Application notice dated 25 April 2023 between (1) the Joint Administrators of LBH and (2) the Company whereby the Joint Administrators of LBH sought directions in relation to their entitlement to pay a distribution to the Company in relation to the LBH Sub-Notes notwithstanding the failure of the Company to submit a proof of debt (the "**Distribution Application**"); and
- 4.8.3 Application notice dated 27 April 2023 between (1) DB, (2) the Joint Administrators of LBH, (3) the Company and (4) LBHI, seeking an order that Priority Legal Issues 1,4 and 5 (as explained in the ECAPS 2 Priorities Application) should be struck out on the basis of estoppel, issue estoppel and/or abuse of process (the "**Strike Out Application**").
- 4.9 The above applications are referred to as the "**ECAPS 2 Applications**" or "**ECAPS 2**" and a summary of the core aspects of the ECAPS 2 Applications is as follows.

ECAPS 2 Priorities Application: Priority legal issues as regards statutory interest

- 4.10 Whether, as argued by LBHI, the principal amount of the LBH Sub-Debt (Claim C) falls to be paid in priority to statutory interest payable on the claim in respect of the LBH Sub-Notes (Claim D), or whether, as argued by the Joint Liquidators and by DB, statutory interest payable on the LBH Sub-Notes falls to be paid in priority to the principal amount of the LBH Sub-Debt. (“**Priority Legal Issue 1**”)
- 4.11 Whether, as argued by the Joint Liquidators and DB, statutory interest payable on the claim in respect of the LBH Sub-Notes falls to be calculated by reference to the face amount of the LBH Sub-Notes, or as argued by LBHI, by reference to the discounted sum payable on that claim in accordance with Rule 14.44 of the Insolvency (England and Wales) Rules 2016. (“**Priority Legal Issue 2**”)
- 4.12 Whether, as argued by the Joint Liquidators and DB, the applicable period for the purposes of the calculation of statutory interest on the claim in respect of the LBH Sub-Notes begins with the date on which LBH entered administration, or, as argued by LBHI, on the date on which, in accordance with the subordination provisions of the LBH Sub-Notes, the holder of the LBH Sub-Notes became entitled to submit proofs of debt in LBH’s administration in respect of that claim (and, if so, what that date is). (“**Priority Legal Issue 3**”)

ECAPS 2 Priorities Application: Priority legal issues as regards the ECAPS Guarantees

- 4.13 Whether, as is argued by LBHI, clause 2.11 of the ECAPS Guarantees imposes upon the Holder (as defined therein) a trust in respect of any proceeds which have been distributed by LBH, which takes effect on receipt of those proceeds and requires such proceeds to be turned over to LBH. If so, what are the circumstances in which such trust arises and in respect of what proceeds? (“**Priority Legal Issue 4**”)
- 4.14 If LBH makes distributions on the LBH Sub-Notes but proceeds are thereafter ordered to be turned over to LBH by the Holder pursuant to clause 2.11 of the ECAPS Guarantees, what is the resultant order of priority as between the LBH Sub-Debt (Claim C) and the LBH Sub-Notes (Claim D), in respect of such sums received by LBH? (“**Priority Legal Issue 5**”)
- 4.15 LBH’s directions application dated 14 March 2023 and the accompanying witness statement of Edward John Macnamara, which provide further factual and background information to the statutory interest and ECAPS Guarantees issues, can be found on PwC’s website and the links are copied below:

[LBH – Application Notice dated 14 March 2023 \(pwc.co.uk\)](https://www.pwc.co.uk)

[LBH – Witness statement – 14 March 2023 – signed by Ed Macnamara \(pwc.co.uk\)](https://www.pwc.co.uk)

Strike Out Application

- 4.16 The Strike-Out Application, issued by DB, argued that some of the issues raised in the LBH Joint Administrators' application of 14 March 2023 had already been resolved by the ECAPS 1 Applications or that those issues should have been addressed during the ECAPS 1 proceedings.

Distribution Application

- 4.17 The circumstances which gave rise to the Distribution Application were as follows:
- 4.17.1 On 31 March 2023 the LBH Joint Administrators gave notice of their intention to declare an eighth interim distribution ("**the Dividend**") to unsecured, non-preferential creditors within two months from the last date of proving, being 28 April 2023.
 - 4.17.2 In the Dividend notice, the Joint Administrators anticipated that in addition to a further distribution being made to LBH's unsecured, non-preferential unsubordinated creditors, the amounts available for distribution would also enable a distribution to be made in respect of LBH's unsecured, non-preferential subordinated liabilities. This would mean a first distribution to the Company, as the senior subordinated creditor.
 - 4.17.3 Meanwhile, LBHI put the Joint Liquidators on notice that any dividend received from LBH should not be onward distributed by the Company for the benefit of the holders of the Securities; this being on account of LBHI's asserted position in relation to the ECAPS Guarantees, as described above.
 - 4.17.4 The Joint Liquidators of the Company opposed the Dividend because it would lead to prejudice to the holders of the Securities. This would arise from a loss of statutory interest payable by LBH on the amount of the Dividend paid to the Company, which could be held as un-distributable for some considerable time pending the final resolution of the ECAPS Guarantees position.
 - 4.17.5 The Joint Liquidators also formally opposed LBH's requirement for the Company to file proof of debt forms.
 - 4.17.6 These arguments and counterarguments ultimately resulted in the Joint Administrators of LBH filing the Distribution Application.
- 4.18 On 28 April 2023, on behalf of LPI, LPII, and LPIII, the Joint Liquidators filed proof of debt forms in the LBH Administration. Given the Joint Liquidators' position that it was premature for the Company to be required to file proof of debt forms, these were filed without prejudice to the Company's position that it was in fact too early for proofs of debt to be filed.

- 4.19 On 6 June 2023 the LBH Joint Administrators postponed the Dividend pursuant to Rule 14.34(1) of the Insolvency (England and Wales) Rules 2016, pending the hearing of the Distribution Application.

ECAPS 2 Hearing

- 4.20 A first instance hearing in relation to the ECAPS 2 Applications was listed from Monday 9 October 2023 to Thursday 12 October 2023 (“**the ECAPS 2 Hearing**”). However, terms of settlement were agreed which substantially narrowed the outstanding areas of dispute within the estate of LBH. In summary:

4.20.1 The settlement involved the withdrawal of Priority Legal Issues 2 to 5, such that the ECAPS 2 Hearing only concerned the determination of Priority Legal Issue 1.

4.20.2 Similarly, in so far as the Strike-out Application related to any new issues other than Priority Legal Issue 1, that application was similarly withdrawn so as now to be limited only to Priority Legal Issue 1.

4.20.3 Further, the Distribution Application was withdrawn in its entirety.

- 4.21 The terms of settlement provided for distributions to be made from LBH as follows (what follows is a summary only of the relevant economic terms):

4.21.1 **Tier X** – First £187.2m of funds available for the subordinated creditors was paid as set out below (being payment in full of Tier X):

(a) On 24 November 2023, 92% of Tier X (being £172.2m) was paid to the Company;

(b) On 29 December 2023, the remaining 8% of Tier X (being £15.0m) was paid to LBHI.

4.21.2 **Tier Y** – next available funds up to £225m.

(a) Distributions under Tier Y can only take place once:

(i) Tier X funds have been distributed in full (which is now the case as set out above);

(ii) There has been a final adjudication or settlement of Priority Legal Issue 1; and

(iii) The unsubordinated creditors' remaining entitlement to post-administration statutory interest has been satisfied in full or, if necessary, adjusted for the resolution of the Partial Discharge Issue. The Partial Discharge Issue means the application (if any) of the Court of Appeal's decision in Re LB Holdings

Intermediate 2 Ltd [2021] EWCA Civ 1523 (i.e. the Court of Appeal decision in ECAPS 1) to the claims of unsubordinated creditors whose claims have been admitted in the administration of LBH and who have also received payments from LBHI as guarantor of such claims. The Company and DB raised the concern that certain unsubordinated creditors of LBH may have been overpaid. This issue is not subject to litigation but investigations have been undertaken and correspondence exchanged between the Company, LBH and certain creditors of LBH that may be impacted.

- (b) If Priority Legal Issue 1 is resolved in favour of the Company, Tier Y will be distributed 94% to the Company and 6% to LBHI.
- (c) If Priority Legal Issue 1 is resolved in favour of LBHI, Tier Y will be distributed 100% to LBHI.

4.21.3 **Tier Z** – remaining funds available:

- (a) Subject first to the distributions of Tier X and Y, further distributions to LBH's subordinated creditors will be paid from any remaining funds available in the following proportions:
- (b) If Priority Legal Issue 1 is resolved in favour of the Company the Tier Z funds will be distributed to the Company and LBHI in the ratios of 42% to 58% respectively.
- (c) If Priority Legal Issue 1 is resolved in favour of LBHI the Tier Z funds will be distributed to the Company and LBHI in the ratios 12% to 88% respectively.

4.21.4 By way of an application dated 8 April 2022 (the “**Third Parties Application**”) the Company filed an application against various third parties seeking a variety of monetary and non-monetary relief relating to the allegation that the third parties failed to intervene to prevent a breach a trust with the effect of reducing the value of funds potentially available to the Company and hence the Account Holders of the Securities of LP I, LP II, and LP III. The Third Parties Application was also settled as part of the above agreement.

4.22 In advance of the above terms being agreed, the terms of the proposed settlement were set out in detail in the Joint Liquidators' 8th update to investors dated 21 September 2023. Any Account Holders that wished to express support or provide comments or significant objections to the proposed terms were invited to either provide a Letter of Support or otherwise make contact with the Joint Liquidators. No comments or objections were received. The Joint Liquidators received Letters of Support from over 80% (by value) of Account Holders as at midday on 5 October 2023 on an aggregate basis across LP I, LP II and LP III and no objections were received. On 8 October 2023, amongst

others, the Company, LBHI, LBH and DB entered into a Framework Agreement and other related agreements to enable the implementation of the proposed terms that had been circulated to the Account Holders on 21 September 2023. Following the execution of the Framework Agreement and other related agreements, the settlement was formally concluded with effect from 8 October 2023. References in this does document to the Framework Agreement relate to the settlement that was concluded on 8 October 2023. A copy of the Framework Agreement was included at Schedule 1 of Appendix 2 of the Joint Liquidators' 19 September 2024 update Notice (“**the Notice**”).

- 4.23 A summary of the procedural history of ECAPS 1 and ECAPS 2 has been prepared by LBH Joint Administrators and a link to the website containing summary background information is as follows:

[Ongoing litigation - PwC UK](#)

- 4.24 The material developments in relation to the ECAPS 2 litigation since the above settlement terms were agreed are as follows:

4.24.1 Priority Legal Issue 1 was heard by Mr Justice Hildyard on 9 and 10 October 2023.

4.24.2 Judgment was handed down on 29 November 2023 in favour of the Company in relation to Priority Legal Issue 1 (“**the ECAPS 2 Judgment**”). Any party wishing to understand Mr Justice Hildyard’s ruling should read the judgment in full. However, in case it is of assistance and without prejudice to the full terms of the judgment, in high-level summary only, the Court found that in respect of Priority Legal Issue 1 statutory interest payable on Claim D falls to be paid in priority to the principal amount of Claim C. A copy of Justice Hildyard’s judgment and the related order can be found using the following links:

[Judgment](#)

[Sealed order of Justice Hildyard](#)

4.24.3 LBHI sought to appeal the ECAPS 2 Judgment and was refused permission to appeal by Mr Justice Hildyard. Permission to appeal was later granted by the Court of Appeal. LBHI’s appeal sought to reverse the finding in favour of the Company on Priority Legal Issue 1 such that principal on Claim C was to be paid ahead of statutory interest due in respect of Claim D.

4.24.4 The Company opposed the appeal, and the appeal was listed to be heard on 3 and 4 October 2024 before a panel of Judges including Lady Justice Asplin and Lord Justice Henderson.

ECAPS 2 Appeal Hearing

- 4.25 As noted above the appeal hearing in relation to the ECAPS 2 Applications was listed to be heard on 3 and 4 October 2024 (“the ECAPS 2 Appeal”). However, revised terms of settlement were agreed in advance of the hearing.
- 4.26 Paragraphs 4.33 to 4.42 of the Notice set out the proposed terms of an agreement which, once agreed, had the effect of settling the ECAPS 2 Appeal (as defined in the Notice), the Partial Discharge issue (as explained in the Notice) and agreed the economic terms of future distributions from LBH in relation to tiers Y and Z (as defined in the Notice) of LP I, LP II and LP III. A copy of the Term Sheet (the “2024 Proposed Terms”) was included at Appendix 2 of the Notice.
- 4.27 In order to ascertain the levels of support for the proposed settlement, ECAPS Account Holders were invited to submit letters of support for the proposed terms or to provide letters of objection to the proposed terms by 5.00pm UK time on 30 September 2024.
- 4.28 The Joint Liquidators of the Company received letters of support from approximately 80% (by value) of the ECAPS Account Holders on an aggregate basis. No letters of objection to the Proposed Terms were received. For each of LP I, LP II and LP III, in excess of 75% by value of each Partnership’s ECAPS Account Holders provided letters of support.
- 4.29 On 2 October 2024, the Company, LP I, LP II, LP III, LBH, LBHI and Deutsche Bank (amongst other parties) entered into an Amendment and Restatement Agreement which had the effect of changing the terms of the original Framework Agreement dated 8 October 2023. As a result, the original Framework Agreement was replaced by the Amended and Restated Framework Agreement and together the Amendment and Restatement Agreement and the Partial Discharge Issue Settlement Agreement (the “**2024 Settlement Agreements**”) enable the implementation of the 2024 Proposed Terms. A copy of the Amended and Restated Framework Agreement was shared with the ECAPS Account Holders in our notice dated 3 October 2024.
- 4.30 Following the execution of the 2024 Settlement Agreements the parties agreed consent orders and the ECAPS 2 Appeal hearing listed to be heard on 3 and 4 October 2024 was vacated.
- 4.31 The Amended and Restated Framework Agreement set out the following agreed payment structure:

Tier X – available funds of £187,187,072:

- 4.32 The first £187,187,072 of funds available for the subordinated creditors was paid as follows:
- first, 92% (being £172,212,106) to the Company

- second, 8% (being £14,974,966) to LBHI

4.33 The Amended and Restated Framework Agreement acknowledges that as at the Amended Effective Date (2 October 2024), the tier X Distributions have been paid in full in accordance with the Original Framework Agreement.

Tier Y – next available funds of up to £225,000,000:

4.34 Any Tier Y distribution to subordinated creditors can only be made once certain conditions (as set out in the Amended and Restated Framework Agreement) have been met, which will cause LBH to distribute the next £225,000,000 of the available funds to the Company and LBHI pro rata in the following proportions between the Company and LBHI:

- 73.8% to the Company
- 26.2% to LBHI

Tier Z – remaining funds available:

4.35 Subject first to the distributions of Tiers X and Y being paid in full and subject to further distribution conditions (as set out in the Amended and Restated Framework Agreement), further distributions to LBH's subordinated creditors will be paid from any available funds in the following proportions:

- 40% to the Company
- 60% to LBHI

Distributions paid and funds potentially flowing from the LBH estate to LP I, LP II and LP III

4.36 Following the agreement of the original settlement agreements dated 8 October 2023, the details of which are noted above, the LBH Joint Administrators agreed the subordinated unsecured claims of LP I, LP II and LP III and paid the Tier X distributions in accordance with the agreed terms.

4.37 On the 6 November 2023 the Joint Administrators of LBH wrote to the Joint Liquidators of GP1 and confirmed that claims submitted by LP I, LP II and LP III had been agreed. As previously noted, the claims of LP I, LP II and LP III are future claims and as such it was determined at ECAPS 1 that the principal claims should be discounted in accordance with rule 14.44 of the Insolvency (England and Wales) Rules 2016. The claims submitted by LP I, LP II and LP III also included accrued unpaid interest up to the date LBH entered administration, and this additional element of the claims was not discounted. We have summarised the claims admitted by the Joint Administrators of LBH below:

	Principal debt (£)	Less Discount (£)	Discounted Principal (£)	Accrued unpaid interest (£)	Total Principal (£)
LP I	137,508,900	(99,866,062)	37,642,837	2,868,264	40,511,101
LP II	197,769,164	(144,881,928)	52,887,236	9,996,825	62,884,061
LP III	295,585,792	(218,151,077)	77,434,715	6,357,196	83,791,911
	<u>630,863,856</u>	<u>(462,899,068)</u>	<u>167,964,788</u>	<u>19,222,284</u>	<u>187,187,072</u>

- 4.38 On 24 November 2023 the Company received two sums totalling £20,747,680 relating to a costs reserve known as the “Tier X Reserve”. The Tier X Reserve is a cost reserve agreed as part of the settlement concluded on 8 October 2023. Under the terms of the agreements the Company is holding the Tier X Reserve in its capacity as general partner. In accordance with the terms of the Reserve and Reimbursement Agreement the sum of £6,747,680 has been paid to DB from the Tier X Reserve. As at 26 January 2026 £12,087,259 remains in the Tier X Reserve. The level of the Tier X Reserve is reviewed regularly to ascertain whether it can be decreased or needs to be increased, and at this time the Joint Liquidators consider that the level of the reserve is adequate.
- 4.39 On the 27 November 2023 the Joint Administrators of LBH paid the balances of the Tier X distributions (after deducting the Tier X Reserve noted above) to LP I, LP II and LP III.
- 4.40 On 29 November 2023 the Joint Liquidators issued a Notice of Interim Payment to the Account Holders of the ECAPS issued by LP I, LP II and LP III. The Notice of Interim Payment set a value date of 8 December 2023 for the payment of the Tier X distributions and advised the quantum of the Liquidation Distribution to be paid by LP I, LP II and LP III. The Liquidation Distributions were paid to the Account Holders via the clearing systems on 8 December 2023 and full details of the Tier X distribution waterfall can be found at Appendix 1 of the Joint Liquidators’ 9th update Notice dated 19 September 2024.
- 4.41 On 15 July 2025 the Joint Administrators of LBH issued a notice setting out their intention to declare a 13th interim distribution to unsecured creditors within two months of the last date to prove a claim which was 11 August 2025.
- 4.42 On 12 September 2025 the Joint Administrators of LBH formally declared the 13th distribution to its unsecured creditors. In accordance with the terms of the Amended and Restated Framework Agreement a total of £111,774,800 was distributed in respect of the LBH’s unsecured, non-preferential subordinated liabilities (representing a distribution of £115,000,000 less a retention of £3,225,200 as provided for in the Amended and Restated Framework Agreement).
- 4.43 On 11 September 2025 the Company received the first tranche of the Tier Y distribution entitlement in the sum of £11,396,408 “the ECAPS 1

Reimbursement Amount”. As set out in the Amended and Restated Framework Agreement and pursuant to the terms of the Reserve and Reimbursement Agreement, the Company paid the first £11,396,408 of the Tier Y distribution to DB to apply in reimbursement of certain costs incurred by members of the ECAPS Holders’ Committee.

- 4.44 On the 12 September 2025 the Joint Administrators of LBH paid the balances of the Tier Y distributions (after deducting the ECAPS 1 Reimbursement Amount noted above) to LP I, LP II and LP III.
- 4.45 On 9 October 2025 the Joint Liquidators issued a Notice of Interim Payment to the Account Holders of the ECAPS issued by LP I, LP II and LP III. The Notice of Interim Payment set a value date of 22 October 2025 for the payment of the first Tier Y distributions and advised the quantum of the Liquidation Distribution to be paid by LP I, LP II and LP III. The Liquidation Distributions were paid to the Account Holders via the clearing systems on 22 October 2025 and full details of the Tier Y distribution waterfall can be found at Appendix 1.
- 4.46 Following a review of the LBH Joint Administrators’ most recently published estimated financial outcomes for the LBH stakeholders, the Joint Liquidators have prepared a table to show additional potential flows of funds to LP I, LP II and LP III.

Please note that the figures in the table below are indicative only at this stage and subject to a number of significant assumptions. The figures are as disclosed by the LBH Joint Administrators in the latest public filing (13 October 2025) and have not been tested or audited by the Joint Liquidators. The Joint Liquidators refer readers to sections 1 and 2 of this update.

Estimated outcome for as subordinated creditors of LBH As at 13 October 2025	Notes	Base Case Recovery £'m	High Case Recovery £'m
Available cash and future recoveries	1	162.0	173.0
Estimated professional fees (including legal costs and expenses) and other estate costs and expenses	1	(68.2)	(59.2)
Estimated surplus for subordinated creditors	2	93.8	113.8

Notes

1. The above estimated outcomes have been taken from LBH’s 13 October 2025 update (linked at paragraph 4.4 of this report) and all the assumption in their update should be applied to the above estimated outcomes.

2. Following the payment by LBH of the Tier X distribution and the first interim Tier Y distribution, a surplus of between £93.8m and £113.8m will remain in the LBH estate, based on the LBH 13 October 2025 creditor update.

- 4.47 On 22 December 2025 the Joint Administrators of LBH issued a notice setting out their intention to decare a 14th interim distribution to unsecured creditors within two months of the last date to prove being 12 January 2026.

- 4.48 Following recent discussions with the Administrators of LBH it is anticipated that the next Tier Y distribution will be paid in February this year. Further updates will shortly be issued by the Joint Liquidators regarding the quantum and timing of the next Tier Y distributions to the Account Holders. On 22 January 2026 in anticipation of the next Tier Y distribution the Joint Liquidators issued a Notice of Proposed Interim Payment to the Account Holders via the clearing systems and relevant stock exchanges. Please see the Joint Liquidators most recent Estimated Outcome Statement at Appendix 2.

Claims by LP IV and LP V against LBHI

- 4.49 No further updates. Please refer to previous notices.

Subordinated guarantee claims

- 4.50 No further updates. Please refer to previous notices.

Claims against Lehman Brothers Special Financing and LBHI

- 4.51 No further updates. Please refer to previous notices.

5 PROFESSIONAL COSTS

- 5.1 The Court directed that the Joint Liquidators should explain to Account Holders 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.
- 5.2 The professional costs and expenses incurred to date on a time costs basis are as set out below. Please note that the Company and the Partnerships were not VAT-registered. Accordingly, input VAT, where incurred, is not recoverable and is an additional cost of the liquidation and winding up.
- 5.3 Joint Liquidators (RSM)
- 5.3.1 Time costs: £3,587,362.00 plus VAT and disbursements have been incurred to 26 January 2026, of which £69,110 relates to time costs incurred in the period leading up to the Joint Liquidators appointment on 28 February 2017.
- 5.3.2 Fees of £3,566,151.50 plus VAT and disbursements of £54,130.29 have been paid to date.
- 5.4 Charles Russell Speechlys LLP ("**CRS**") (UK solicitors for the Joint Liquidators)
- 5.4.1 Time costs: £3,791,106.25 plus VAT and disbursements have been invoiced and paid for the period 14 September 2016 to 29 October 2025 in relation to time costs. Since the end of that period, a further £2,559 plus VAT and disbursements has been incurred but not paid up to and including 19 January 2026.

- 5.4.2 Counsel Disbursements: costs of £1,668,054.17 plus VAT has been incurred by Counsel instructed by CRS on behalf of the Joint Liquidators. All costs incurred by Counsel have been paid in full.
- 5.5 Kirkland & Ellis LLP (US attorneys for the Joint Liquidators)
 - 5.5.1 Time costs: USD 578,379.75 has been invoiced to date which has been paid in full.
 - 5.5.2 Disbursements: USD 17,199 has been invoiced to date and this sum has been paid in full.
- 5.6 Various Bank of New York Mellon entities (“**BNYM**”) (paying agent, common depositary, and initial limited partner)
 - 5.6.1 Fees and costs totalling £331,443.72 have been paid to BNYM to date for the provision of transaction services, facilitating the distributions to the LP IV and LP V ECAPS Account Holders and for general assistance in facilitating investor communications and providing transaction records and documents (including the costs of BNYM’s legal counsel).
- 5.7 Warwick Risk Management Ltd (valuer’s fees)
 - 5.7.1 Fees totalling £20,000 plus VAT have been paid to Warwick Risk Management Ltd for the provision of valuation services.
- 5.8 Dentons UKMEA LLP (Solicitors for DB) (subject to the Joint Liquidators’ assessment with regard to the reasonableness of those fees)
 - 5.8.1 Time costs: £105,881 plus VAT (up to 15 March 2017 as per proof of debt form).
 - 5.8.2 Disbursements: £6,960 plus VAT where appropriate (up to 15 March 2017 as per proof of debt form).
 - 5.8.3 As yet these costs have not been agreed and reimbursed, and the Joint Liquidators will follow up with Dentons UKMEA LLP to progress this matter to a conclusion.
- 5.9 Weil Gotshal & Manges (Solicitors for LBHI) (subject to the Joint Liquidators’ assessment with regards to the reasonableness of those fees)
 - 5.9.1 Time costs: USD 97,795 (up to 11 April 2017 as per proof of debt form). As at the date of the Company’s liquidation this sum converted to approximately £78,661.
 - 5.9.2 Following a review of these costs by the Joint Liquidators and discussions between the Joint Liquidators and LBHI, settlement was agreed at £59,000. The sum of £33,500 was deducted as settlement of LBHI’s costs payable to the Company for the Supreme Court

hearing in ECAPS 1. The net payment of £25,500 was made to LBHI in September 2022.

- 5.10 Agents' costs: It should be noted that additional costs have been incurred and will be discharged in connection with the maintenance of agents and the provision of information to the Account Holders of the Securities.
- 5.11 The professional costs and disbursements outlined above relate to necessary steps that have been taken to place the Company into liquidation and to undertake the process of winding up the affairs of the Partnerships. The process is complex and multi-faceted, which has involved and continues to involve extensive multi-party litigation with a number of significant and novel ongoing issues.
- 5.12 The professional costs and disbursements have been (and will continue to be) paid from sums realised (now and in the future) from the Partnerships' assets in accordance with the Order of the Court. To date the costs have been paid and apportioned as follows:
 - 5.12.1 Costs relating to all Partnerships have been paid from the Funds (see para 4.1 above) and apportioned between LP III, LP IV, and LP V. To the extent any funds are realised from claims against LBH in relation to LP I and LP II then the apportionment of costs will be adjusted accordingly so that no one Partnership (or more than one) disproportionately bears the costs of the winding-up of the Partnerships collectively.
 - 5.12.2 Costs specifically relating to LP I, LP II, and LP III in relation to the subordinated debt claims against LBH are currently being paid from LP III's Funds as LP I and LP II currently have no cash assets. LP IV and LP V have not contributed to these costs on the basis that work undertaken in relation to the subordinated debt claims against LBH does not relate to LP IV and V. To the extent any funds are realised in relation to the claims against LBH by LP I and LP II then the apportionment of costs will be adjusted accordingly so that LP III does not disproportionately bear the costs of issues relating jointly to LP I, LP II, and LP III.
- 5.13 At the date of this update the Joint Liquidators hold the following cash balances in each of the Partnerships. These figures are net of costs that have been paid to date but they do not take into account accrued or future costs:
 - 5.13.1 LP I: €17,949
 - 5.13.2 LP II: €23,261
 - 5.13.3 LP III: €7,210,021
 - 5.13.4 LP IV: €639,675

5.13.5 LP V: \$1,702,606

The LP IV and LP V net balances are after interim distributions that were made to those Partnerships' Securities Account Holders in October 2020, as referred to in Section 6 below.

5.14 The current hourly rates of those expected to be involved in this matter going forward are set out below (figures quoted exclude input VAT where applicable):

5.14.1 RSM

- (a) Partner (Tax) - £1,400 (increased from £1,315 on 1 April 2025)
- (b) Partner (Financial Accounting) - £1,000 (increased from £905 on 1 April 2025)
- (c) Partner (Joint Liquidators) - £925 (increased from £895 on 1 May 2025)
- (d) Director (Financial Accounting) - £700 (increased from £600 on 1 April 2025)
- (e) Associate Director - £645 (increased from £625 on 1 May 2025)
- (f) Manager - £465 (increased from £450 on 1 May 2025)
- (g) Manger (Financial Accounting) - £425
- (h) Associates - £390 (increased from £375 on 1 May 2025)
- (i) Executive - £345 (increased from £335 on 1 May 2025)
- (j) Analyst - £295 (increased from £285 on 1 May 2025)

5.14.2 CRS

- (a) Partner - £925 (increased from £895 on 1 May 2025)
- (b) Senior Associate - £715 (increased from £675 on 1 May 2025)
- (c) Associate (5 years PQE) - £475 (increased from £425 on 1 May 2025)
- (d) Associate (0 – 4 years PQE) - £395 (increased from £330 on 1 May 2025)
- (e) Trainee - £295 (increased from £285 on 1 May 2025)

5.14.3 Counsel

- (a) King's Counsel - £750 (increased from £700 on 1 September 2022)
- (b) Junior Counsel - £350

6 DISTRIBUTIONS IN RELATION TO LP IV AND LP V

- 6.1 The balance of LP IV and LP V funds retained by the Joint Liquidators will be distributed when outstanding cost issues and the cost allocations between the separate Partnerships have been determined. The timing of the next distribution to the LP IV and LP V Account Holders remains uncertain at this stage.

7 FURTHER UPDATE NOTICES TO HOLDERS OF SECURITIES

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

8 INFORMAL INVESTORS' COMMITTEE

- 8.1 Since the commencement of the winding up of the Partnerships, the Joint Liquidators have been approached by a number of Account Holders of the Securities and they have requested that an informal investors' committee ("**IIC**") is established.
- 8.2 The Joint Liquidators have established such an IIC. The IIC has two members, with the second member joining the ICC in February 2021. There have been no formal meetings of the ICC to date but the Joint Liquidators have engaged on an *ad-hoc* basis with the two members.
- 8.3 In order to join the IIC, an Account Holder of Securities will be required to sign a Memorandum of Understanding ("**MOU**") as well as a Non-Disclosure Agreement ("**NDA**").
- 8.4 If you are an Account Holder of Securities and you are interested in becoming a member of the IIC you will be required to enter into the MOU and NDA on the same terms as the current members and any other prospective members. To confirm your interest in joining the IIC, please contact Samantha Hawkins using the details provided at [9.1.2] below and verify your holding of the Securities in the manner set out at paragraph [9.2.2] below.
- 8.5 Please be reminded that the IIC has no statutory powers and will be non-binding upon the Joint Liquidators. Its purpose, if utilised, is to provide an additional means of liaising with Account 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.

9 CONTACTS

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

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

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

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

9.2.1 The Account Holders sending an e-mail to the Joint Liquidators c/o Samantha Hawkins using the email address shown at paragraph 9.1.2 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 Account Holder, the identity of the Partnership or Partnerships which issued the Securities, the nominal amount of each ISIN held by the Account Holder and the details of the person(s) who shall represent the Account Holder; and

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

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

Dated: 3 February 2026

Signed: 

**This notice is given by
Matthew Robert Haw
RSM UK Restructuring Advisory LLP
as Joint Liquidator of LB GP No.1 Ltd
Acting without personal liability**

Appendix 1

Tier Y - Distribution waterfall

	Total (£)	LP I	LP II	LP III
Discounted Principal claims as agreed by LBH PLC	167,964,788	37,642,837	52,887,236	77,434,715
Accrued unpaid interest as agreed by LBH PLC	19,222,284	2,868,264	9,996,825	6,357,196
Total claims now agreed by LBH PLC	187,187,072	40,511,101	62,884,061	83,791,911
Proportional split of total claims	100.00%	21.64%	33.59%	44.76%

Tier Y planned net distributions - costs/reserves applied on pro rata basis

	Total (£)	LP I	LP II	LP III
Tier Y first interim distribution as now advised by LBH JAs	115,000,000	24,888,346	38,633,368	51,478,286
Joint Reserve as per ARFA	(3,225,200)	(697,999)	(1,083,481)	(1,443,720)
	111,774,800	24,190,347	37,549,886	50,034,567
26.2% allocation to LBHI as per ARFA	(29,284,998)	(6,337,871)	(9,838,070)	(13,109,056)
	82,489,802	17,852,476	27,711,816	36,925,510
Reimbursement amount withheld as per R&R and ARFA	(11,396,408)	(2,466,415)	(3,828,536)	(5,101,457)
Tier Y net of LBHI share, Joint Reserve and Reimbursement amount	71,093,394	15,386,061	23,883,280	31,824,053

	Total (€)	LP I	LP II	LP III
LBH PLC converted Tier Y (net of LBHI share and GP1 reserves) to EUR	€81,876,130	€17,719,665	€27,505,657	€36,650,807
Liquidation Preference	€75,907,783	€15,036,473	€26,452,575	€34,418,735
Due and accrued but unpaid Distributions	€5,968,346	€2,683,192	€1,053,082	€2,232,072
	€81,876,130	€17,719,665	€27,505,657	€36,650,807

GBP:EUR

1.15167

ARFA = Amended and Restated Framework Agreement

R&R = Reserve and Reimbursement Agreement

Estimated Outcome Statement

	Notes	Base Case Recovery £'m				High Case Recovery £'m			
Estimated surplus available to LBH subordinated creditors	1	93.8				113.8			
		LP I £'m	LP III £'m	LP III £'m	Totals £'m	LP I £'m	LP II £'m	LP III £'m	Totals £'m
Estimated future distributions available (Tier Y)		15.0	23.3	31.0	69.2	18.1	28.1	37.4	83.5
Estimated future distributions available (Tier Z)		-	-	-	-	0.1	0.1	0.1	0.2
Estimated future distributions available (Tier Y and Tier Z) totals	2	15.0	23.3	31.0	69.2	18.1	28.2	37.5	83.8

Notes

1. Estimated funds available to LBH's subordinated creditors as per LBH's October 2025 estimated outcome statement. All calculations work on the basis that the remaining funds available to LBH's subordinated creditors will be £93.8m in the 'Base' case and £113.8m in the 'High' case, which are subject to the assumptions set out in LBH's October 2025 update to creditors. GP1's realisations to date in respect of LP III are not reflected in the above calculations.
2. Estimated future recoveries available to Accountholders of GP1 based on the 'Base' case and 'High' case estimated surplus available to LBH subordinated creditors as shown in LBH's October 2025 estimated outcome statement.
3. The above calculations do not take costs (past or future) into consideration.