

In accordance with rule
6.28 of the Insolvency
(England and Wales)
Rules 2016

Notice of liquidators' final account before dissolution

(a) If the company is
incorporated outside the
UK or is an unregistered
company comply with
IR16 r1.6

Name of Company

LB Re Financing No. 3 Limited – In Creditors'
Voluntary Liquidation

Company Number (a)

06454161

(b) Insert full names of
liquidators

I/We (b) Gillian Eleanor Bruce and Edward John Macnamara

the joint liquidators of the company, give notice to creditors and members that:-

(c) Details of these rights
can be found overleaf

- the company's affairs are fully wound up;
- the creditors have the right to request information from the liquidator under rule 18.9 of the Insolvency (England and Wales) Rules 2016 (IR16) (c);
- the creditors have the right to challenge the liquidator's remuneration and expenses under rule 18.34 IR16 (c);
- a creditor may object to the release of the liquidator by giving notice in writing to the liquidator before the end of the prescribed period;
- the prescribed period is the period ending at the later of—
 - eight weeks after delivery of the notice, or
 - if any request for information under rule 18.9 IR16 or any application to court under that rule or rule 18.34 IR16 is made when that request or application is finally determined;
- the liquidator will vacate office under section 171 of the Insolvency Act 1986 (IA86) on delivering to the registrar of companies the final account and notice saying whether any creditor has objected to release; and
- the liquidator will be released under section 173 IA86 at the same time as vacating office unless any of the company's creditors objected to the liquidator's release.

Dated 17 April 2023

(d) insert a postal address
for the office-holder and
either an e-mail, or
telephone number, through
which the office holder may
be contacted

The joint liquidators contact details are:

(d) postal address c/o PwC LLP, 7 More London, Riverside, London, SE1 2RT

email address: uk_lehmanaffiliates@pwc.com

telephone number: 020 7583 5000

Creditors' right to request information under rule 18.9 IR16

The following may make a written request to the liquidator(s) for further information about remuneration or expenses set out in a final account—

- (a) a secured creditor;
- (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question); or
- (c) any unsecured creditor with the permission of the court.

A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the account by the person, or by the last of them in the case of an application by more than one member or creditor.

The liquidator(s), within 14 days of receipt of such a request respond to the person or persons who requested the information by—

- (a) providing all of the information requested;
- (b) providing some of the information requested; or
- (c) declining to provide the information requested.

The liquidator(s) may respond by providing only some of the information requested or decline to provide the information if—

- (a) the time or cost of preparation of the information would be excessive; or
- (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
- (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
- (d) the liquidator is subject to an obligation of confidentiality in relation to the information.

A liquidator who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.

A creditor who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of—

- (a) the liquidator giving reasons for not providing all of the information requested; or
- (b) the expiry of the 14 days within which an liquidator must respond to a request.

The court may make such order as it thinks just.

Creditors' right to challenge the liquidator's remuneration and expenses under rule 18.34 IR16

An application to court may be made in a winding-up on the grounds that—

- (a) the remuneration charged by the liquidator(s) is in all the circumstances excessive;
- (b) the basis fixed for the liquidators' remuneration under rules 18.16 and 18.20 IR16 is inappropriate; or
- (c) the expenses incurred by the liquidator(s) are in all the circumstances excessive.

Such an application for one or more of the orders set out in rule 18.36 or 18.37 IR16 may be made by—

- (a) a secured creditor,
- (b) an unsecured creditor with either—
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court.

The application by a creditor must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question.



**LB RE Financing No.3 Limited
– in Creditors' Voluntary Liquidation**

**Joint Liquidators' eleventh and final progress
Report to members and creditors**

17 April 2023

1. The Joint Liquidators' Report to Members and Creditors

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Reliance on data:

We caution creditors against using data in this report as a basis for estimating the value of their claims or their likely eventual entitlement to payment.

LB RE Financing No. 3 Limited, the Liquidators, their firm, its members, partners, staff and advisers accept no liability to any party for any reliance placed upon this report.

1. The Joint Liquidators' Report to Members and Creditors

Key Messages

Why we've sent you this report

This is the eleventh and final progress report prepared by the Joint Liquidators (**"Liquidators"**) of LB RE Financing No. 3 Limited (**"LBREF3" or the "Company"**).

We're writing to tell you that the Company's affairs are now fully wound up and to provide our final account of the liquidation, including an update on the progress made since our last progress report, which covered the year ended 22 July 2022 (the **"Reporting Period"**). It will help if you read this alongside our previous progress reports.

What you need to do

This report is for your information and you don't need to do anything. The enclosed 'Notice of liquidators' final account before dissolution' gives details of creditors' rights in relation to requesting further information, challenging the Liquidators' remuneration and expenses and objecting to the Liquidators' release from liability.

More information in relation to creditors' rights can also be found in the guide below:

<https://www.icaew.com/-media/corporate/files/technical/insolvency/creditors-guides/2017/liquidations-creditor-fee-guide-6-april-2017.ashx?la=en>

You can also get a copy free of charge by emailing uk_lehmanaffiliates@pwc.com.

Appointment of Liquidators

On 23 July 2012, LBREF3 moved into Creditors' Voluntary Liquidation following the conclusion the same day of its Administration. DA Howell, MJA Jervis and AV Lomas were appointed Joint Liquidators.

Following a number of applications to the High Court of Justice, the current liquidators are GE Bruce and E Macnamara.

What we've done during the liquidation

The Company's background and reasons for its insolvency.

- The Company is a wholly-owned subsidiary of LB RE Financing No. 1 Limited. It was incorporated in 2007 as part of the Lehman Brothers Group, as a vehicle established to hold Lehman Brother's group's interests in A and B class notes (the "Notes") issued by a number of securitization vehicles.
- In October 2008 a decision was made by the Company's directors to place the Company into Administration, following the insolvency of the ultimate US parent of the Lehman Brothers Group, Lehman Brothers Holdings Inc. ("LBHI") and in order to protect the value in the Notes. Partners from PwC were appointed joint administrators of the Company on 30 October 2008.
- The Company's Administration ended on 23 July 2012, the purpose of administration having been achieved. The Company went into Creditors' Voluntary Liquidation on the same day, in order that the Company's ordinary claims against Lehman Brothers International (Europe) ("LBIE") and Storm Funding Limited ("Storm"), as well as the Company's Class A notes claim against Storm, could continue to be pursued.

1. The Joint Liquidators' Report to Members and Creditors

Progress during the liquidation

This is our eleventh and final progress report. As explained in our earlier reports, in the previous years of the liquidation we have:

- collected distributions totalling £66.5m from the Company's ordinary, unsecured claims against Storm and LBIE, including the Company's full entitlement to post-insolvency statutory interest on the claim against LBIE, and from the Class A notes claim against Storm;
- realised £1.8m from the sale of tax losses to other UK Lehman entities;
- calculated unsecured creditor claims and paid distributions towards those claims, including an in-specie distribution of the claims against Storm;
- computed and submitted annual corporation tax returns;
- prepared and issued statutory notices and reports; and
- complied with statutory requirements with regards to management of records and case progression.

When we last reported the key outstanding matters were as follows:

- obtain corporation tax clearance from His Majesty's Revenue and Customs ("HMRC");
- pay a final distribution to creditors; and
- pay the final costs of the liquidation.

The above tasks have been concluded, and these are explained in greater detail later in this report.

Outcome for creditors

All known, unsecured creditor claims were adjudicated, with claims totalling £1.03bn admitted to rank for dividend purposes. Total cash distributions of c.£65.56m were paid to unsecured creditors.

There were no secured or preferential creditors.

Progress since we last reported

Tax clearance

The Company's tax computation and return for the period to 23 July 2022 was submitted to HMRC in August 2022, together with a request for tax clearance. Following payment of the Company's final, de minimis corporation tax liability, HMRC confirmed it has no objection to the closure of the liquidation.

Final distribution to unsecured creditors

A final distribution of £696,304 was paid to unsecured creditors, bringing total distributions to £65,561,894.

Final costs

The final costs of the liquidation were paid, as explained below.

1. The Joint Liquidators' Report to Members and Creditors

Other Matters

Investigations and actions

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

Our receipts and payments account

We set out in Section 2 an account of our receipts and payments in the liquidation from 23 July 2022 to 14 April 2023 and for the liquidation in total.

Liquidators' expenses

Statement of Insolvency Practice 9 ("SIP9") was revised with effect from 1 December 2015 and applies to all open insolvency cases.

In accordance with SIP9, the Liquidators have prepared a statement of the expenses that the Liquidators have incurred during the Reporting Period. This is in Section 3.

Liquidators' remuneration

In February 2015, the Liquidators requested and received approval from LBREF3's creditors for the Liquidators' remuneration to be fixed by reference to the time properly given by them and the various grades of their staff. The Liquidators were also authorised to draw their remuneration to 30 November 2014 and to draw subsequent remuneration on account of their costs from time to time.

In accordance with SIP9, the following information is provided in Section 4 of this report:

- (i) An analysis of the Liquidators' time costs for the period 1 July 2022 to 14 April 2023, including the cumulative total time costs from the date of the Liquidators' appointment to 14 April 2023; and
- (ii) A summary of the Liquidators' time costs for the Reporting Period, including the key categories and details of the work undertaken.

In accordance with the resolutions passed by LBREF3's creditors, the Liquidators have drawn remuneration totalling £1,449k plus VAT in respect of time costs incurred to 14 April 2023.

Time costs for the Reporting Period total £154k plus VAT, which represents 260 hours at an average hourly rate of £592. Details of time costs previously incurred have been provided in earlier reports.

Liquidators' disbursements

Category 1 disbursements comprise payments to third parties, for example in relation to travel costs, statutory advertising and insolvency office holders' insurance. The Liquidators are not required to seek approval to draw Category 1 disbursements.

1. The Joint Liquidators' Report to Members and Creditors

Category 2 disbursements are for shared or allocated services provided by our own firm including room hire, document storage, photocopying and communication facilities. They must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves the Liquidators' fees.

The Liquidators' disbursements policy allows for all properly incurred disbursements to be recharged to the liquidation.

In the Reporting Period, Category 1 and 2 disbursements of £77 and £4 respectively were incurred.

Relationships

The Liquidators have had no business or personal relationships with the parties who approve their fees or who provide services to the liquidation where the relationship could give rise to a conflict of interest.

Creditors' rights

Creditors have the right to ask for information and challenge a liquidator's fees if they believe that they are too high. You can find an explanatory note online at:

<http://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/creditors-guide-liquidators-fees-final.ashx?la=en>

Creditors can request a paper copy of the above guide free of charge by emailing uk_lehmanaffiliates@pwc.com.

What we still need to do

The winding up of the Company is now complete. Following the end of the period within which creditors may object to our release, we will send a copy of this final account to the Registrar of Companies, stating whether any creditors objected to our release. We will vacate office on sending the copy report.

If you've got any questions, please get in touch with Diane Adebawale on 020 7583 5000.



GE Bruce
Joint Liquidator

GE Bruce and EJ Macnamara have been appointed as Joint Liquidators of LB RE Financing No.3 Limited. The Joint Liquidators are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Liquidators 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 Liquidators 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 Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators.

2. Receipts and payments account for the period 23 July 2022 to 14 April 2023

	14 April 2023	Movements in Period	22 July 2022
	(£)	(£)	(£)
Receipts (Notes 1 and 2)			
Release of funds from the Administrators	54,918	-	54,918
Interest	13,639	-	13,639
Dividends from Storm Funding Limited	63,975,310	-	63,975,310
Dividends from Lehman Brothers International (Europe)	2,480,824	-	2,480,824
Sale of tax losses	1,785,612	-	1,785,612
Funds from Lehman Brothers UK Holdings Limited	2,022	-	2,022
Total receipts	68,312,325	-	68,312,325
Payments			
Legal fees	193,921	6,424	187,497
Employee wages and associated costs	346,799	-	346,799
Former Joint Administrators' final remuneration	19,761	-	19,761
Joint Liquidators' remuneration	1,593,256	144,326	1,448,930
Joint Liquidators' disbursements	21,241	120	21,121
Corporation tax	147,331	3,774	143,557
Other costs	53,822	11,644	42,178
Irrecoverable VAT (Note 3)	374,301	32,497	341,804
Total payments	2,750,432	198,785	2,551,647
Total receipts less total payments	65,561,893	(198,785)	65,760,678
Distributions			
First distribution 5.425p in the £, declared 7 September 2016	56,114,662	-	56,114,662
Cash distribution made to minority creditor on 14 November 2016 (Note 4)	20,000	-	20,000
Second distribution of 0.738p in the £, declared 16 March 2017	7,627,629	-	7,627,629
Third distribution of 0.1067p in the £, declared 12 September 2018	1,103,299	-	1,103,299
Fourth distribution (in specie) of 0.0743p in the £, declared 3 May 2019	-	-	-
Fifth and final distribution of 0.0674p in the £, declared 17 January 2023	696,303	696,303	-
Total distributions to unsecured creditors	65,561,893	696,303	64,865,590
Total	-	(895,088)	895,088
Cash balances			
HSBC current account	-	(895,088)	895,088
Total cash	-	(895,088)	895,088

Notes:

- 1) Statement of Affairs figures have not been provided as the Liquidation follows an administration.
- 2) All of the Company's assets are uncharged, there being no secured creditors.
- 3) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs.
- 4) A cash distribution of £20,000 was made in November 2016 to LBREF3's minority creditor in lieu of their share of any future distributions made.

3. Joint Liquidators' expenses

The table below provides details of the Liquidators' expenses. Expenses are defined as amounts payable by the Liquidators from the estate; they include the Liquidators' fees but exclude distributions to creditors. The table also excludes any potential tax liabilities that may be payable as a liquidation expense, other than VAT, as amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account in Section 2 of this report, which shows expenses actually paid during the period and the total paid to date.

	Incurred in Reporting Period	Total
	£k	£k
Legal fees and disbursements	6	194
Employee wages and associated costs	-	347
Former Joint Administrators' final remuneration	-	20
Liquidators' remuneration	137	1,593
Liquidators' disbursements	0	21
Other costs	12	54
Irrecoverable VAT	31	374
Total	186	2,603

Sums have been rounded to the nearest £1k.

4. Joint Liquidators' time costs for the period 1 July 2022 to 14 April 2023

Classification of work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and treasury	0.90	903	5.30	3,958	5.40	2,754	4.10	1,312	15.70	8,927
Strategy and planning	14.80	14,430	19.60	15,130	9.05	4,610	31.50	10,086	74.95	44,257
Creditors and distributions	-	-	8.80	6,820	2.40	1,224	-	-	11.20	8,044
Statutory and other compliance	8.15	8,014	31.20	24,180	85.45	43,580	18.80	6,019	143.60	81,793
Tax and VAT	3.05	3,794	3.70	2,868	7.65	4,232	-	-	14.40	10,893
Grand total for the period 1 July 2022 to 14 April 2023	26.90	27,141	68.60	52,955	109.95	56,399	54.40	17,418	259.85	153,913
Average hourly rate for the period 1 July 2022 to 14 April 2023										592
Cumulative total to 14 April 2023										1,611,535

Notes:

- (1) The cumulative total refers to the time costs incurred to 14 April 2023 of which £1,593,256 plus VAT has been paid to date.
- (2) Time costs are net of VAT.
- (3) The maximum specialist partner rate is used by exception and only where specific circumstances require that level of specialism.

Cumulative total to 31 March 2023, by classification of work		£
Accounting and treasury		141,917
Strategy, Planning and Asset Realisations		678,871
Creditors and Distributions		112,002
Statutory and Other Compliance		448,069
Tax and VAT		230,680
Total		1,611,538

Accounting and treasury - £8,927

An essential function for the management of funds held by the Liquidators on behalf of the Company, the Liquidators' treasury and cash management teams monitor and control the movement of funds, mitigate risk and seek to maximise the interest made on investments (where applicable) for the benefit of the Company's creditors.

Activities include:

- Monitoring the flow of funds into the bank account;
- Processing receipts and payments including review and approval thereof and coding of movements;
- Reconciling bank accounts for the purposes of statutory reporting; and
- Arranging closure of bank account.

Strategy and planning - £44,257

The Liquidators and their staff have invested a proportion of their time in the planning and delivery of their strategy for the progression of the liquidation.

Activities include:

- Reviewing, implementing and updating the liquidation strategy;
- Reviewing and maintaining financial information; and
- Regular team meetings to update on case progression, including liquidation closure planning.

Creditors and distributions - £8,044

Activities include:

- Advertise, calculate and pay final distribution to creditor.

Strategy and planning - £44,257

The Liquidators and their staff have invested a proportion of their time in the planning and delivery of their strategy for the progression of the liquidation.

Activities include:

- Reviewing, implementing and updating the liquidation strategy;
- Reviewing and maintaining financial information; and
- Regular team meetings to update on case progression, including liquidation closure planning.

Statutory and other compliance - £81,793

The following tasks were undertaken in accordance with the Liquidators' statutory obligations or internal compliance:

- Preparing and circulating the Liquidators' tenth progress report to creditors and Companies House;
- Preparing the Liquidators' final progress report to creditors;
- Preparing the Liquidators' internal six-monthly reviews in accordance with professional requirements;
- Managing and updating communications on the Company's website;
- Maintaining and managing case files, records and the Company's database; and
- Dealing with other ad-hoc compliance and statutory tasks in preparation for ending the liquidation.

Tax and VAT - £10,893

The following tasks were undertaken in accordance with the Liquidators' statutory obligations or internal compliance. In addition, certain tasks were undertaken for the benefit of creditors.

Activities include:

- Reviewing the tax grouping provisions;
- Analysing and evaluating the value that the Company can obtain from its carry forward losses;
- Completing and submitting to HMRC the tax computation and return for the year ending 22 July 2022 and request for tax clearance;
- Quarterly update meetings;
- Performing routine administrative tasks;
- Dealing with internal compliance matters; and
- Preparing narrative for the Liquidators' tenth progress report.