



Axiom Legal Financing Fund – a segregated portfolio of JP SPC 1

Axiom Legal Financing Fund Master SP – a segregated portfolio of JP SPC 4 (both in Receivership)

Annual report to Investors

8 January 2016

Strictly private and confidential

Defined terms

Ashton Fox	Ashton Fox Solicitors Limited (in Liquidation)	Gable	Gable Insurance AG
Barnetts	Barnetts Solicitors	Grant Thornton	Grant Thornton Specialist Services (Cayman) Limited and Grant Thornton UK LLP
CFA	Conditional Fee Arrangement	Harneys	Harneys Westwood & Riegels
CIMA	Cayman Islands Monetary Authority	Investors	registered shareholders and authorised beneficial investors
the Committee	the Receivership Committee	JPFA or the Administrators	JP Fund Administration (Cayman) Limited
the Court	The Grand Court of the Cayman Islands	JOLs	Joint Official Liquidators
CTL	City Trust Limited	KLG	K&L Gates LLP
CRS	Common Reporting Standards	the Last Report	the JR's last annual report to Investors dated 12 January 2015
CWRs	Companies Winding Up Rules 2008 (as amended)	LES	Legal Expense Solutions Limited
the Feeder Fund	Axiom Legal Financing Fund – a segregated portfolio of JP SPC 1	the Master Fund	Axiom Legal Financing Fund Master SP – a segregated portfolio of JP SPC 4
the Funds	collectively the Feeder Fund and the Master Fund	NAV	Net Asset Value

Protocol	the terms of a reporting protocol agreed by the Court on 30 May 2013 (as amended)		uploaded to the Investor website
PLFs	Panel Law Firms	Turnstone/Synergy	Turnstone (IOM) Limited and Synergy (IOM) Limited
PVA	Partnership Voluntary Arrangement	TIM	Tangerine Investment Management Limited (in official liquidation)
Previous Reports	all the Receivers' previous reports to CIMA, the Court, the Committee and Investors from the commencement of the Receiverships	WFO	Worldwide Freezing Order
the JRs or the Receivers	the Joint Receivers – Michael Saville and Hugh Dickson		
Receiverships	the Receiverships of the Funds		
Rehab4Life	Rehab4life Limited t/a Lindsays (in Liquidation)		
Rohrer	Rohrer & Co LLP		
SFO	Serious Fraud Office		
Signey	Signey Law Limited		
SDT	Solicitors Disciplinary Tribunal		
SRA	Solicitors Regulatory Authority		
Success	as per the meanings contained within the KLG CFA and the JR's revised remuneration agreement		
Tandem	Tandem XJA Limited (in Liquidation)		
the 2015 Reports	all the Receivers' reports to CIMA, the Court, the Committee and Investors issued during 2015 and		

Disclaimer

This report is the third annual report to Investors, as required by the Protocol. It should be read in conjunction with the 2015 Reports.

The 2015 Reports have previously been sent to Investors and uploaded on the Investor website, therefore the Receivers do not propose duplicating the content of Previous Reports here as to do so would duplicate unnecessarily costs already incurred.

This report should not be copied or disclosed to any third party or otherwise be quoted or referred to, in whole or in part, without the JRs' prior written consent. Any party who uses this report for any purpose other than informing the Committee or Investors (or their authorised parties) of the progress made in the Receiverships does so entirely at its own risk and shall have no right of recourse against the Receivers, Grant Thornton, its partners, directors, employees, professional advisors or agents.

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In preparing this report the JRs have relied upon information which they have obtained during the course of their appointment including certain

statutory documentation and other information received from parties in possession of information, documents or records pertaining to the Funds and its affairs or other third parties. The JRs have not performed an audit examination of this information.

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Section 1 Executive summary

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Executive summary

Introduction

- The report, together with the 2015 Reports, covers the period from the Last Report to 31 December 2015
- Generally, matters have only been reported where developments or progress has been made

Legal proceedings

Claims brought in the UK

- The JRs summarise the current state of the proceedings as follows:
 - assets subject to the settlement with Mr Schools and associated defendants realised, marketed and/or repairs undertaken with a view to maximising future value
 - without prejudice settlement discussions with all remaining defendants have progressed and are on-going
 - on-going consideration of strategy with KLG, Harneys and UK counsel
 - October 2016 trial date lost due to the serious illness of one of the defendants; new date for trial window 20 February 2017
- Further details are set out in Section 2 of this report

Cayman Islands

- A Court hearing held on 13 November 2015 approved the JRs' remuneration for the period 1 February 2015 to 31 July 2015
- The date of the next hearing is dependent upon the outcome of settlement discussions with the remaining UK defendants' and/or an acceptable offer for the sale of certain real estate assets
- The JRs have taken action to preserve all claims the Funds may have against their directors and continue to investigate the same

Isle of Man

- The JRs (subject to Committee views and Court approval) are considering a claim against Turnstone for breach of duty in its operation of Synergy as the Loan Manager of the Master Fund

Assets and liabilities

PLFs

- No recoveries from any of the PLFs subject to their own insolvency proceedings (except the return of the Swiss monies re Rohrer). Dividend prospects continue to fall from original estimates due to poor case quality. The "Right to Buy" cases have been settled on a "walk-away" basis without any recovery for Ashton Fox or Tandem. The main value appears to be in the Mau Mau claims. More details are provided in Section 3 of this report
- The SDT is investigating the conduct of three former solicitors at Rehab4life and partners from a settled PLF, and has recently struck off a partner at a former PLF
- Rohrer liquidators release of monies to the Master Fund has been received in the sum of c£1.35 million
- Awaiting a hearing date in the High Court in respect of the final unresolved PLF (owes £5.2 million) – likely February/March 2016

Insurance claims

- The JRs are considering mediation as an alternative dispute resolution method as against LES

Executive summary (continued)

UK settlement assets

- The JRs are marketing for sale real estate in the UK for offers in excess of £3 million and real estate in Canada for CAD\$3.8 million

Liabilities

- No additional claims have been made against the Funds since the Last Report

Receivership committee, meetings and Investor reporting

- The last meeting was held on 6 January 2016. The next meeting will be held in early March 2016 (unless any urgent issues arise in the intervening period) to consider approval of the JRs remuneration for the period 1 August 2015 to 31 January 2016 as required by the Protocol
- Meetings of Investors are required annually. No resolutions will be sought at the annual meeting of Investors to be held on 22 January 2016. The meeting will be held by webinar to control costs

Shareholders

- Due to the movement of the trial timetable the JRs believe that no distribution should be expected by Investors until Q2 of 2017, although if the litigation can be brought to a conclusion without the need for a trial this date may be accelerated

Financial Position

- The receipts and payments account for the period ending 31 December 2015 is provided at Appendix A. Receipts totalling the equivalent of £1,494,235 and payments totalling the equivalent of £2,991,922 have been made during 2015
- Realisations into the Receiverships totalled £12,299,633 as at 31 December 2015. After payment of expenses associated with the Receiverships, the sum of £2,631,495 was being held at 31 December

2015. The receipts and payments account is prepared on a cash in/out basis, and doesn't factor in accrued expenses (but unpaid) or deferred liabilities such as the CFA uplift due to KLG

Remuneration of the JRs and expenses of the Receiverships

- The JRs' (Cayman Islands staff only) remuneration for the period from commencement of the Receiverships to 31 December 2015 totals US\$5,823,097.50, or an equivalent of GBP£3,933,502.36
- This represents 100% of the fees incurred during the period. As Investors will recall, the JRs (from 1 November 2013 onwards) are permitted to draw 60% of their incurred fees on account, with the balance of 40% deferred pending the successful outcome of the UK litigation
- To date the sum of £2,841,341 has been drawn on account
- More details are provided in Section 7 of this report as regards to the JRs' remuneration and expenses

JRs' next steps

- For a non-exhaustive list of the JRs' next steps see Section 8 of this report

Section 2 Legal proceedings (UK, Cayman Islands and Isle of Man)

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Legal proceedings

Claim brought in the UK (the main UK litigation)

Procedural matters for trial

- A case management conference was held on 18 November 2015, the purpose of which was to set down the revised timetable for trial
- The key milestones from the timetable agreed at the case management conference are as follows
 - the remaining defendants (if deemed appropriate) shall file and serve any Re-Amended defences' by 22 January 2016;
 - the Claimants (ie the Funds), shall file and serve Re-Amended replies to any defences on 5 February 2016;
 - If Synergy does not give its disclosure list by 12 February 2016 then its defence shall be struck out and the Claimants be at liberty to apply for default judgment;
 - Mrs Hutson shall give disclosure by 1 April 2016;
 - Witness statements exchanged by 28 July 2016;
 - Expert evidence due 28 July 2016 (the Claimants) and 25 August 2016 (the defendants);
 - Experts to meet and file a statement with the court on or prior to 22 September 2016;
 - The trial shall take place starting in a five day window commencing on 20 February 2017 and is estimated to last 6 weeks.

Without prejudice settlement negotiations

- Progress as regards the realisation of settlement assets (following the settlement with Mr Schools and associated defendants), is provided in the Assets and liabilities section of this report (Section 3)
- The JRs are currently in confidential without prejudice settlement negotiations with remaining defendants. If suitable settlement offers are made, the JRs will of course discuss them with the Committee prior to any firm acceptance. As with previous settlements, they require the sanction of the Court

- If settlement does not take place the pace of the UK litigation together with associated costs will significantly increase during 2016

Cayman Islands

Hearing held on 13 November 2015

- At the hearing held on 13 November 2015 the Court approved the JRs' remuneration for the period 1 February 2015 to 31 July 2015
- The next hearing is likely to be during Q1 of 2016 to consider the possible sanction of a settlement with certain defendants and to sanction the possible issue of proceedings against Turnstone
- In any event, the JRs have a duty to apply to Court within 2 months from any Committee meeting held to consider the approval of the JRs remuneration. The next meeting to consider the same will be held on or before 11 March 2016, therefore any application to Court has to be made on or before 11 May 2016 pursuant to the Protocol

TIM

- The JRs are sharing information and cooperating with an interested third party with a view to coordinating a litigation strategy against a former director of TIM and the corporate service provider who provided one of the former directors of the Funds
- At this stage it is too early to provide an opinion as to the likely financial return to the Funds

Former directors of the Funds'

- The JRs have taken action to preserve all claims the Funds may have against their directors, in the main to prevent any limitation defences arising
- The JRs are hoping to meet with the former directors in the near future to discuss potential claims the Funds have against them

Legal proceedings (continued)

Other third parties

- The JRs continue to monitor other statute of limitation deadlines. In particular, any claims against the Funds' former auditors would need to be filed within 6 years from their sign off of the first Fund audit (ie 6 years from mid-2011)

Isle of Man

City Trust Limited

- The JRs are considering commencing proceedings against CTL in the Isle of Man
- CTL were, at the launch of the Funds, the corporate fiduciaries providing directors to Synergy (the former Loan Manager). Synergy was the entity which received and then distributed most of the Master Fund's monies
- In September 2009, CTL resigned and returned monies from Synergy to the Master Fund's Cayman Islands bank account
- The JRs have consulted leading counsel (and Isle of Man counsel) to consider the merits of the case
- Investigations are on-going prior to a decision being made on whether to litigate this claim

Turnstone

- Turnstone took over from CTL as the fiduciary providing directors to Synergy in September 2009. Turnstone provided those services throughout the entirety of the Funds' trading lives
- These services were provided by the appointment of a BVI corporate director (Peacock Management Limited) to Synergy, which in turn authorised all the payments out of Synergy
- The Master Fund's cash originating from Investors was paid into a bank account in Cayman, and in turn then paid typically on a monthly

basis to Synergy (administered by Turnstone). Once the funds were at Synergy they were paid out to various parties from Synergy under the authority of Peacock Management Limited (the corporate director of Synergy)

- Leading counsel has advised positively on the merits of the claim against Turnstone, as it appears from the evidence that Turnstone breached a contractual duty that it owed directly to the Funds. There is also a fiduciary duty on the part of both Turnstone and Peacock Management Limited to the Funds which has also been breached
- Draft Particulars of Claim against Turnstone have been prepared and have been provided to Turnstone with a view to early mediation in light of the egregious nature of the claims involving breach of fiduciary duty, especially as Turnstone is a regulated entity in the Isle of Man
- The JRs are of the view that this claim should only be pursued with suitable third party funding, which would require Court sanction
- Permission will be sought if required to serve the proceedings. A protective writ will be issued to preserve the claims from limitation defences. The JRs will review the position separately with the Committee after the pre-action protocol period has been completed

Section 3 Assets and liabilities

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Panel Law Firms

PLFs – subject to formal insolvency proceedings

- There have been a number of recent material developments as regards the prospects for recovery from the insolvent PLFs, discussed below. The table below is a summary of the original loan book position as at the date of the JRs appointment

Ref	Panel Law Firm	Number of firms	Amount due to Master Fund (£)	Total loan book (%)
	PLFs subject to insolvency proceedings			
A	Ashton Fox Solicitors Limited	1	63,650,030	53.02
B	Barnetts Solicitors	1	8,173,068	6.81
C	Rehab4Life Limited t/a Lindsays	1	5,404,957	4.50
D	Rohrer & Co	1	14,809,218	12.34
E	Signey Law Limited	1	8,194,268	6.83
F	Tandem XJA Limited	1	10,219,361	8.51
	Total subject to insolvency	6	110,450,903	92.01
	PLFs not subject to insolvency proceedings			
G,H&I	- subject of compromise agreement	3	4,436,580	3.70
PLF 2	- legal proceedings pending/considered	1	5,160,720	4.30
	Total not subject to insolvency	4	9,597,300	7.99
	Totals	10	120,048,203	100.00

- The JRs continue to maintain working relationships with the office holders of the insolvent PLFs and ensure they remain apprised of the progress and investigations made in the respective UK insolvency processes
- Feedback has been received from both settled PLF's and the acquirers of residual cases from PLF insolvency proceedings. In both cases there are on-going delays in settling cases. The JRs concerns in relation to the erosion of value for the estates remain
- The outcome, quantum and timing of any potential dividend to unsecured creditors in respect of some of the insolvent PLFs remains uncertain at this stage

- An estimate of the possible range of recoveries from the insolvent PLF estates, based upon the latest information available from the office holders of the various insolvent PLFs is as follows:

PLF	Claim £'000's	Estimated Recovery Range £'000's	Recovery %'s
Ashton Fox	63,650	0	0
Tandem & Signey	18,414	2,500 to 3,000	13.58 to 16.29
Rohrer	14,809	1,350 to 1,500	9.12 to 10.13
Barnetts	8,173	1,500 to 2,125	18.35 to 26.00
Rehab4Life	5,405	117 to 800	2.16 to 14.80
Totals	110,451	5,467 to 7,425	4.95 to 6.72
Notes			
a) indicative recovery ranges only, not guaranteed recovery levels from the insolvent PLFs			
b) excludes the costs of the relevant insolvent PLF's estate (ie professional fees)			
c) claim and recovery range rounded up to nearest £'000			
d) based upon most recent statutory report(s) or communication from office holder(s)			

Ashton Fox/Tandem

- Leonard Curtis has engaged a third party assessor to monitor the WIP progression of the cases acquired by Hodari & Co from Ashton Fox and Tandem. They report on a biannual basis as to the likely recovery in those respective estates pursuant to the deferred consideration payable by Hodari & Co. The JRs are awaiting the WIP report for the 6 month period ending 31 December 2015
- The last report for the period ending 30 June 2015 indicated that the right to buy cases (RTB) relating to Ashton Fox were expected to realise deferred consideration of c£642k. However, recent communication received from Leonard Curtis advised that the dividend prospects from Ashton Fox are now zero
- The JRs are informed that a batch of 3 RTB cases were put forward as "test" cases, with the remaining RTB book all sharing the same

Panel Law Firms (continued)

characteristics. The "test" cases foundered, rendering the entire RTB cases worthless. The RTB cases amounted to approximately 95% of the case portfolio in respect of Ashton Fox

- The cases acquired from Tandem appear to present the best potential for realisations – perhaps as much as c£3 million in deferred consideration. This figure is before the professional costs and expenses of the Tandem liquidation estate. The majority of this potential recovery relates to the Mau Mau repatriation cases
- The estimated recovery from Tandem has dropped by c£750,000 due to the write off of the RTB cases acquired from Tandem now being worthless (as per the test cases described above), and an industrial accident claim losing at trial (Sonae litigation)

Barnetts

- The Barnetts PVA is adhering to the terms approved by its creditors according to feedback from Leonard Curtis, and hopefully at the end of the 6 year duration (currently 2.5 years in), will yield a 26p/£ recovery on the Master Fund's debt of £8.1 million
- We understand Mr Barnett has recently been struck off the solicitors roll. This may have an impact on the terms of the PVA, although Leonard Curtis are of the view that it won't affect the financial implications of the PVA outcome

Rehab4life

- The latest update from the liquidators of Rehab4life (dated 26 March 2015) confirms there will be a dividend to unsecured creditors. However, they are reluctant to give any definitive recovery percentage until the recovery of the remaining WIP on 250 cases acquired by another law firm
- Monies are also due to Rehab4life from a former director (Duncan Gibbins) and Duncan Gibbins Solicitors (DGS) who initially acquired the case portfolio of Rehab4life. Mr Gibbins has subsequently entered

into an Individual Voluntary Arrangement (IVA) and DGS entered a PVA. DGS defaulted on the deferred consideration due for the purchase of the case portfolio, and those cases have subsequently been sold to another independent law firm. DGS still owes c£163,000 to Rehab4life pursuant to the asset sale agreement it entered into, which is now an unsecured claim of the DGS PVA

- The SDT has recently announced that it will hear allegations against three individuals (including Mr Gibbins) as to their previous conduct at Rehab4life, and particularly the use of the Master Fund's monies. If there are findings of misconduct, the three individuals could be struck off the roll of solicitors. This in turn may affect the IVA of Mr Gibbins and PVA of DGS, in terms of financial returns to Rehab4life

Rohrer

- The JRs are pleased to report that they have recovered £1.35 million held on trust for the Master Fund in the previous Swiss proceedings involving Rohrer
- Costs have now also been agreed with the Rohrer liquidators, and it is hoped a further £200,000 will be returned to the Master Fund in the near future

PLFs – not subject to formal insolvency proceedings

PLF H – compromise agreement

- PLF H contractually bound to repay £200,000 (original debt owed of £750,000) on deferred terms and in full by 31 May 2016
- £90,000 received, currently a rolling balance of £110,000 due
- Repayments are being made on a monthly basis as required under the settlement agreement

Panel Law Firms (continued)

PLF 2 – subject to recovery proceedings

- The JRs have been given a hearing date in February 2016 to hear the application made to set aside statutory demands issued against the firm and its two partners
- The JRs have previously held extensive settlement talks with PLF 2, which have ultimately proved fruitless. The JRs do not feel it is economical to attempt to reopen settlement talks with this PLF given previous failed attempts
- The JRs will advise the Committee of the outcome following the hearing

Conclusion/summary

- Based upon the information provided either via appointed insolvency practitioners or direct from PLFs with whom settlements have been reached, the following appears to be the case:
 - Various issues have delayed possible settlements which would likely have led to a requirement for substantial additional funding had the Funds not failed when they did
 - Concerns over the quality and merits of cases taken on, most recently evidenced by the lack of recoveries from the RTB test cases
 - Despite the settlements/sale agreements previously agreed providing financial motivation for PLFs involved to settle cases as soon as they were able, they still seem largely unable to achieve this
 - The Mau Mau cases appear to offer the only remaining significant hope for material future PLF recoveries
 - The significant delays in pursuing PLF 2 via litigation, seems to support further the benefits of reaching settlements where possible as opposed to seeing these matters litigated

Other potential assets

Insurance claims

Gable

- Advice from UK counsel specialising in insurance matters has now been received as regards the claim against Gable.
- The potential claim against Gable was for the return of insurance premiums paid (£1.4 million). Gable was aware prior to policy inception that initial legal advice obtained by TIM confirmed that the policy was not fit for purpose and was not consistent with the way in which the insurance was described to investors in the Feeder Fund offering documents. However, the legal arguments against Gable are not straightforward and the claim would be costly to pursue
- The claim against Gable has been put on hold for the present, pending further investigations surrounding the LES claim (discussed below)

LES

- The potential claim against LES arises from its role as insurance brokers who were integral in negotiating the Gable policy for and on behalf of the Master Fund (acting on the instructions of TIM)
- LES were fully aware of a legal opinion obtained prior to the inception of the Gable policy (May 2012) that advised the proposed policy was not fit for purpose, yet still in their capacity as broker they proceeded with the placement of the policy and earned commission as a result
- There is therefore a potentially much larger claim against LES than merely the refund of premium/commissions paid, on the basis that LES should be responsible for the loss incurred of all the loans made to the PLFs after the Gable policy became effective
- LES's solicitors have agreed to discuss mediation with their client as a possible means to resolve the claim. Subject to LES's agreement, it is hoped a mediation hearing can be held later during Q1 of 2016

Cash balance at Synergy

- As Investors may recall there is a balance retained at Synergy in the region of £470,000
- An order has been obtained against Synergy that unless it gives disclosure by 12 February 2016 its defence will be struck out and the Funds may apply for judgment (Synergy has no appointed director and is therefore unable to take any steps in the main UK litigation). Once judgment is obtained the JRs can enforce it against Synergy in the Isle of Man

Request for compensation from the SRA

- Three claims have been formally submitted to the SRA compensation fund in respect of ATM Solicitors Limited, Ashton Fox and Rohrer.
- The SRA has not formally responded in respect of these claims pending submission of further claims in respect of the remaining PLFs.
- However, in light of the on-going disciplinary proceedings against Barnetts and other PLFs, the JRs informed the SRA that these additional claims would be submitted once the SRA's own findings in respect of those firms had been published. Following a recent publication of the judgment against Barnetts, consideration is now being given to the submission of a formal claim based on the clear findings of dishonesty made by the SRA

Assets subject to settlement with UK defendants

Barbadian timeshare

- The timeshare has now been sold, with proceeds totalling US\$100,000 (net) being returned to the estate (circa GBP£75,000 equivalent)

UK property estate

- Strong interest was shown when the property was first marketed but a sale did not ultimately result

Other potential assets (continued)

- The property is therefore still for sale at offers in excess of £3 million (<http://search.savills.com/property-detail/gbyoruyor150013#/r/detail/GBYORUYOR150013>)
- The agents do not anticipate significant activity in general in the property market until the Spring of 2016, although an offer has now been received at a level consistent with the original guide price set by the agents
- Any decision as to the sale of the property will be discussed with the Committee and the Court's approval will be required

Canadian property

- Significant works have been undertaken and completed to repair damage caused prior to the JR's taking control of the property
- The property has now been appropriately winterized for 2016
- Sotheby's have been engaged to market the property at offers in the region of CAD\$3.8 million. The link to the property listing is <http://sothebysrealty.ca/en/property/quebec/laurentides-real-estate/mont-tremblant/80445/>
- An offer of CAD\$1.25 million was received in early December 2015; this was rejected
- Sotheby's have reported to the JRs that there has been little movement in local properties valued at in excess of CAD\$3 million in recent years and any sale process may therefore be slow
- Sotheby's contract expires in February 2016. The JR's will consider whether the sale strategy needs to be revisited at that time

Sundry assets following settlements with Defendants

- There remain a number of other assets that have not yet been transferred into the Master Fund. These include a minority investment in a French property and shares in an unlisted entity
- A minority investment would ordinarily be difficult to monetise especially as the majority holding is still retained by existing defendants to the main UK litigation
- The valuation and realisation of the shares in the unlisted entity is proving difficult and these difficulties are compounded by the lack of transparency and non-cooperation from the management of the entity in question. Associated action by the Swiss Prosecutor also impacts on this recovery and makes it more complex. However, it may provide the JRs with alternative recovery options which are being considered
- In both cases it is the JRs' view that it is very unlikely that any realisation of these assets will be achieved in the short term
- There has also been a realisation of cash and an equity portfolio totalling £270,630 from a combination of settled defendants

Liabilities

Creditor claims

- No further creditor claims have come to light since the Last Report, and no distributions have been made to known creditors

Section 4 Receivership committee, meetings and Investor reporting

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Receivership committee, meetings and Investor reporting

Meetings held and future meetings of the Committee

- Meetings of the Committee pursuant to the Protocol are held on a biannual basis to consider the JRs remuneration. The last meeting of this nature was held on 11 September 2015; the next will be held on or before 11 March 2016
- *Ad hoc* meetings of the Committee are held when appropriate to discuss any significant issues that require the Committee's views/consultation, for example settlements with PLFs, UK litigation defendants or instigating fresh proceedings

Investor reporting/meeting requirements

- The JRs have a duty to provide an annual report to the Investors and to convene an annual general meeting. These obligations typically fall due in January of each year the Funds remain in Receivership
- In addition, the JRs upload copies (redacted where necessary) of reports provided to the Committee for the Investors and their authorised parties on the investor website

Annual meeting

- The purpose of the annual meeting is to provide Investors with an update on the position in respect of the Funds
- The next annual meeting will be conducted via a live webinar. This meeting method has been approved by the Court (pursuant to the Protocol), and will reduce costs (compared with a physical meeting)
- The JRs would ask Investors to send any questions prior to 5pm GMT on 20 January 2016 to axiominvestors@uk.gt.com and will endeavour to answer Investors' questions at the meeting. Investors attending the meeting will not be permitted to speak but will have the opportunity to submit live questions in a forum style environment at the meeting. The Receivers will then attempt to answer or address any key trending discussion points

- To attend the meeting Investors and authorised parties will have to submit a valid proxy prior to 5pm GMT on 20 January 2016
- Participants at the meeting will require an internet connection to view the content and video link of the webinar. Audio for the event can be achieved via the webinar itself via a PC or a dial in number. Only the JRs and their legal advisors will speak during the webinar
- Only Investors or authorised parties submitting valid proxies will be given a link to the webinar, which will require those parties to register for the event. The webinar host is able to monitor login details linked to IP addresses and email addresses and will block access to anyone who may have been forwarded the webinar link from another party
- A video and audio recording of the meeting will be uploaded to the Investor website after the meeting and be used as the minutes of the meeting

Section 5 Shareholders

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Shareholders

Share transfer requests

- Share transfers are now permissible. Please contact JPFA regarding the same (at investors@jpfa.ky)

NAV

- The last NAVs for the Funds were struck on 30 September 2012; no further NAVs have been struck since that date
- The Funds remain suspended, and no revised NAV is anticipated
- Unless any Investor has been involved in share transfers, the number of shares/units held remain unchanged from the date of suspension of the Feeder Fund

FATCA/CRS Reporting

- JPFA filed a nil US FATCA report with the Cayman Islands Tax Information Authority prior to the permitted deadline (30 June 2015)
- Any relevant UK FATCA report is required to be submitted to the Cayman Islands Tax Authority with details of "reportable account holders" as at 30 June 2014, on or prior to 31 May 2016
- In addition to FATCA, CRS has been introduced with effect from 1 January 2016. Key milestones as follows
 - All financial accounts opened post 1 January 2016 are subject to "new account" due diligence – any new shareholders coming on board following a share transfer are likely to fall into this category
 - All financial accounts existing as at 31 December 2015 are required to be subject to "pre-existing account" due diligence procedures
 - 31 December 2016 – deadline for completion of due diligence of any high value individual pre-existing accounts
 - 30 April 2017 – deadline to make certain notifications regarding CRS to the Cayman Islands Tax Authority

- 31 May 2017 – first reporting date under CRS to the Cayman Islands Tax Authority

Timing and quantum of distribution to shareholders

- At this time the JRs remain unable to provide any definitive information as to the timing or quantum of any distribution to Investors. Distributions will be dependent on realisations recovered from the PLFs and other realisations as balanced by any funding for future costs
- Subject to early settlement of claims and the cash needs of the Receiverships, no distribution should be expected until Q2 of 2017
- An interim dividend will only be declared if and when commercially viable

Section 6 Financial position

- 01. Executive summary
- 02. Legal proceedings (UK, Cayman Islands and Isle of Man)
- 03. Assets and liabilities
- 04. Receivership committee, meetings and Investor reporting
- 05. Shareholders
- 06. Financial position**
- 07. Remuneration of the Receivers and expenses of the Receiverships
- 08. Receivers' next steps

Update on the Funds' financial position and Receipts and Payments

Receipts and Payments account for the period ending 31 December 2015

- A summary of receipts and payments made in the Receiverships for the period ended 31 December 2015, is attached at Appendix A. A balance of £2,631,495 is shown at that date
- The receipts and payments account is prepared on a cash in/out basis, and does not account for accrued but unpaid expenses and/or the deferred liabilities due to the JRs or KLG under their CFA

Realisations

- Realisations into the receivership estates totalled £12,299,633 as at 31 December 2015
- Since the Last Report (receipts and payments up to 31 December 2014), receipts with an approximate GBP value of £1,494,235 have been recovered
- This in the main relates to £55,625 from PLF H; £1,357,614 from Rohrer and £155,939 from UK settlement assets with the slight differential between these 3 items and £1,494,235 representing exchange rate differences between 31 December 2014 and 31 December 2015 and bank interest

Costs of the receivership

- The costs are consistently monitored by the JRs and efforts are made to reduce costs where possible
- As noted in the Previous Reports, the JRs' greatest expenditure remains fees payable in respect of UK solicitors, counsel and Cayman Islands attorneys as well as their own remuneration
- From the commencement of the Receiverships to 31 December 2015, a sum equivalent to £5,546,463 has been paid to Counsel, Harneys and KLG in respect of their professional fees and disbursements

- Since the Last Report, payments with an approximate GBP value of £2,991,922 have been expended (being the difference between total payments reported in the Last Report £6,676,216 less total payments as per Appendix A £9,668,138)
- In the main this relates to the JRs' remuneration on account, UK solicitor's and counsel fees and disbursements, property related expenses (as discussed in the 2015 Reports), Cayman Islands attorney fees and agreed disclosure costs
- For a full breakdown of receipts and payments since the Last Report, please refer to Appendix A

Section 7 Remuneration of the Receivers and expenses of the Receivership

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Remuneration of the Receivers and expenses of the Receivership

Receivers' remuneration

- Pursuant to Cayman Islands legislation, and in accordance with the Protocol, the Committee are required to review the JRs' remuneration and expenses on a biannual basis. The last remuneration pack was circulated to the Committee on 4 September 2015 for the period 1 February 2015 to 31 July 2015 and the same was approved unanimously by the Committee on 11 September 2015
- 'Remuneration Guidance Notes' are also supplied to the Committee setting out further detail of the fees and expenses incurred during any particular period. The remuneration guidance notes are to provide the Committee with detailed information to enable them to make an informed decision as to the reasonableness of the remuneration sought bearing in mind the size and complexity of the assignment
- Approval of remuneration and fees from commencement of the Receiverships to 31 July 2015 has been approved by the Court (the last hearing on 13 November 2015 approving remuneration for the period 1 February 2015 to 31 July 2015)
- 60% of the JRs' incurred remuneration can be drawn on a monthly basis in line with the revised remuneration agreement. The remaining 40% will only be drawn with the Committee and Court approval if the main UK litigation is a Success. The JRs have been drawing 60% of their base cost incurred since 1 November 2013. If the Court were to sanction a lower percentage any difference would have to be repaid to the estates
- The remuneration of the JRs and their Cayman Islands staff for the period from commencement of the Receiverships to 31 December 2015 totalled US\$5,823,097.50 (or £3,933,502.36). An amount equivalent to £2,841,341 has been drawn on account

- The JRs have produced a graph on the next page which illustrates how fees have fluctuated on a quarterly basis during the period from their appointment to 31 October 2015
- The level of fees incurred fluctuates on a monthly basis as a result of on-going issues and significant work arising in connection with the UK litigation or other significant events such as asset recovery attempts
- Below is a summary table of the JR's remuneration from commencement of the Receiverships

Period	Total time costs (US\$)	Reviewed by the Committee (US\$)	Approved by Court (US\$)	Drawn on account (US\$)
12 Feb 2013 to 31 December 2014*	4,639,223	3,674,770	4,639,223	3,752,637
1 January 2015 to 31 July 2015	751,974	751,974	751,974	451,184.40
August 2015	91,315	-	-	54,789
September 2015	120,854.50	-	-	72,512.70
October 2015	68,808	-	-	41,284.80
November 2015	81,243.50	-	-	48,746.10
December 2015	69,679.50	-	-	-
Totals	5,823,097.50	4,426,744	5,391,197	4,421,154
GBP equivalent/paid	3,933,502.36	2,990,265.57	3,641,753.57	2,841,341.00

*Committee not constituted until May 2013, therefore time costs prior to that not subject to the Committee review

**USD\$1 = GBP£0.6755 per xe.com at 31 December 2015

Remuneration of the Receivers and expenses of the Receivership (continued)

Summary of remuneration incurred on a quarterly basis from the commencement of the Receiverships to 31 October 2015

- The graph below shows the trend line of quarterly remuneration incurred during the course of the Receiverships to 31 October 2015



Section 8 Receivers' next steps

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Receivers' next steps

The following matters will be dealt with in the following 6 months (in no order of relevance)

- 1 preparation for the next Committee meeting on or before 11 March 2016 (including biannual remuneration guidance notes)
- 2 realisation strategy of the assets transferred following the settlement with defendants:
 - realisation of UK and Canadian real estate;
 - progressing matters regarding minority investments in French ski resort;
 - progressing matters regarding interest in the unlisted investment fund
- 3 on-going settlement talks with remaining defendants
- 4 finalising and monitoring any remaining PLF debt recovery settlements
- 5 application to Court for sanction of the JRs remuneration for the period 1 August 2015 to 31 January 2016
- 6 progressing claims against:
 - the former directors;
 - CTL; and
 - Turnstone
- 7 progressing the possible mediation/settlement of the claim against LES
- 8 authorising share transfers
- 9 possible Court hearing for sanction of any settlement(s) with the remaining UK defendants (if deemed appropriate)
- 10 compliance with the timetable for trial directions Order as discussed in section 2 above

Yours faithfully
for and on behalf of the Funds

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a cursive 'Saville'.

Mike Saville
Joint Receiver

8 January 2016



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Appendix A – receipts and payments account to 31 December 2015

	Feeder Fund GBP	Master Fund GBP	Cumulative as at 31 Dec 2015 GBP	Cumulative per the Last Report GBP	Movement between the Last Report and 31/12/15
Receipts					
Cash at bank	201,851.22	6,624,419.01	6,826,270.23	6,941,388.66	-115,118.43
Cash from hedging arrangements	1,693,943.06	1,460,998.82	3,154,941.88	3,115,627.93	39,313.95
Return of professional fees	0.00	20,309.75	20,309.75	20,309.75	0.00
Treasury bills gains	0.00	4,459.63	4,459.63	3,535.37	924.26
PLF Settlements- PLF 1	0.00	300,000.00	300,000.00	300,000.00	0.00
PLF Settlements-PLF 2	0.00	90,000.00	90,000.00	34,375.00	55,625.00
PLF Settlements-PLF 3	0.00	200,000.00	200,000.00	200,000.00	0.00
Insolvent PLF - Rohrer & Co		1,357,614.10	1,357,614.10	0.00	1,357,614.10
Settlements from UK Defendants	74,991.04	270,629.84	345,620.88	189,681.95	155,938.93
Interest received	330.47	86.24	416.71	479.44	-62.73
Total Receipts	1,971,115.79	10,328,517.39	12,299,633.18	10,805,398.10	1,494,235.08
Payments					
Receivers' fees	1,066,214.21	1,775,126.95	2,841,341.16	2,265,460.66	575,880.50
Receivers' expenses	32,287.82	54,614.98	86,902.80	64,295.48	22,607.32
Associated GT Firm Fees	62,646.17	103,344.35	165,990.52	122,584.69	43,405.83
Associated GT Firm Disbursements/Expenses	0.00	3,641.25	3,641.25	2,387.22	1,254.03
Other Sundry Disbursements	0.00	4,683.06	4,683.06	4,683.06	0.00
SRA Claim - UK	0.00	70,275.60	70,275.60	13,490.55	56,785.05
Turnstone- UK	0.00	158,168.30	158,168.30	0.00	158,168.30
Legal Fees - General -UK	0.00	2,588,836.16	2,588,836.16	2,022,675.61	566,160.55
Legal Fees - General- Cayman	366,170.77	621,654.74	987,825.51	713,965.78	273,859.73
Legal fees - Insurance	0.00	354,120.96	354,120.96	281,619.06	72,501.90
Legal fees - Counsel	0.00	976,534.23	976,534.23	759,877.73	216,656.50
Legal Fees - Disbursements-UK	0.00	229,028.46	229,028.46	130,379.28	98,649.18
Legal Fees - Disbursements-Cayman	6,768.21	16,198.77	22,966.98	16,617.31	6,349.67
Legal Cost for witness statements	121,606.52	0.00	121,606.52	72,806.54	48,799.98
Legal Fees - enforcement UK	0.00	158,707.26	158,707.26	0.00	158,707.26
Petition costs	93,272.60	0.00	93,272.60	0.00	93,272.60
Professional fees	900.00	25,870.74	26,770.74	18,908.26	7,862.48
Bank charges	3,839.09	14,192.13	18,031.22	11,560.75	6,470.47
Professional fees- Books and Records	0.00	18,654.58	18,654.58	18,654.58	0.00
Professional fees- Doppler Intelligence	0.00	28,800.00	28,800.00	28,800.00	0.00
Property Expenses	8,855.25	9,856.05	18,711.30	2,568.28	16,143.02
FX hedging fees	15,307.62	34,573.89	49,881.51	49,881.51	0.00
Refund invalid subscription	0.00	25,000.00	25,000.00	25,000.00	0.00
Funds in Escrow	0.00	25,697.23	25,697.23	50,000.00	-24,302.77
CIMA- Regulations Fees	9,815.19	0.00	9,815.19	0.00	9,815.19
Mediator's Fees- UK	0.00	25,600.00	25,600.00	0.00	25,600.00
Disclosure Fees	0.00	386,276.80	386,276.80	0.00	386,276.80
Committee's Expenses	0.00	316.02	316.02	0.00	316.02
Agents/Valuers Fees	7,499.10	75,524.73	83,023.83	0.00	83,023.83
Electricity repair	1,874.94	0.00	1,874.94	0.00	1,874.94
Property repair	47,148.98	0.00	47,148.98	0.00	47,148.98
Insurance premium	29,193.76	9,440.72	38,634.48	0.00	38,634.48
Total Payments	1,873,400.24	7,794,737.96	9,668,138.20	6,676,216.35	2,991,921.85
Net position	97,715.54	2,533,779.43	2,631,494.97	4,129,181.75	-1,497,686.78