

The Insolvency Act 1986

Administrator's progress report

Name of Company Zestdew Limited	Company number 05965830
In the High Court of Justice, Chancery Division [full name of court]	Court case number 9579 of 2008

(a) Insert full name(s) and address(es) of administrator(s)

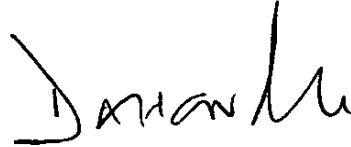
We (a) Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram Schwarzmann, Michael John Andrew Jervis and Derek Anthony Howell of

PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates

from	to
(b) 29 October 2010	(b) 28 April 2011

Signed 
 Joint Administrator

Dated 18 May 2011

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

PricewaterhouseCoopers LLP	
7 More London Riverside, London, SE1 2RT	
	Tel 0207 583 5000
DX Number	DX Exchange

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Zestdew Limited – In Administration

Joint Administrators' progress
report for the period 29 October
2010 to 28 April 2011

18 May 2011

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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the fifth progress report by the Joint Administrators (the "Administrators") of Zestdew Limited ("Zestdew" or the "Company")

This report provides an update on the work the Administrators have undertaken and the progress made since our appointment, with particular focus on the progress made in the six months to 28 April 2011

Objectives of the Administration

The Administrators are pursuing the objective of achieving a better result for Zestdew's creditors as a whole than would be likely if Zestdew were wound up (without first being in Administration)

The specific aims of this Administration are to

- Protect, manage and realise the Company's assets;
- Deal with any servicing and regulatory issues, and
- Agree creditors' claims and, if applicable, make a distribution to creditors

Outcome for creditors

As previously advised, the Pensions Regulator listed Zestdew as one of the Lehman companies from which it was seeking a Financial Support Direction ("FSD") in relation to the Lehman Brothers Pension Scheme

The Determinations Panel of the Pensions Regulator issued a Determination Notice on 13 September 2010 which stated that a Financial Support Direction should not be issued against Zestdew. However, as the FSD legal process has not yet been completed, the Administrators are not certain at this stage that Zestdew will not have liability under an FSD. Accordingly, the Administrators have written to the trustees of the pension scheme in order to obtain clarification on whether a liability under an FSD will fall to Zestdew

Based on the level of realisations to date and the quantum of claims recorded in the Company records, the Administrators anticipate that there

should be funds available to allow a distribution to be made to creditors

The Administrators currently consider that the exit route most likely to give the best result to creditors is to make an application to Court for permission to distribute to creditors and to proceed to have the Company dissolved once the assets available to creditors have been distributed.

Given the ongoing uncertainty regarding the FSD process, the timing of any initial dividend to creditors remains uncertain

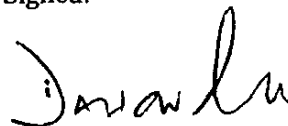
Extension of the administration

On the application of the Administrators, the High Court made an Order to further extend the period of the Administration to 30 November 2011. In light of the outstanding pension issue and ongoing asset realisations, the Administrators are expecting to apply to Court for a further extension to the Administration in due course

Future reports

The Administrators will next report to creditors in approximately six months.

Signed:



DA Howell
Joint Administrator
Zestdew Limited

Section 2 Joint Administrators' actions to date

Overview

The Company was incorporated to manage investments in portfolios of re-performing loans acquired from Lloyds TSB Bank plc ("Lloyds") with funding provided by LB SF No 1, its parent company

The vast majority of these portfolios were subsequently securitised via a special purpose vehicle ("SPV") and the Company retained a small portfolio of c 1,100 loans with an unpaid principal value of c £10m. The loans are serviced by Lloyds, with Zestdew holding the beneficial interest to the collections and Lloyds holding the legal title. Once Lloyds charges off a loan, then, according to the terms of the agreement, legal title passes to Zestdew and the servicing to a 3rd party servicer.

Administrators' actions to date

The Administrators continue to liaise closely with the third party servicer and are continuing to implement a 'hold' strategy on the loan portfolio in order to maximise realisations.

Outstanding matters

Negotiations have been ongoing with a third party servicer to ensure realisations from the portfolio continue to be optimised. New strategies and processes have been discussed and implemented in order to enhance recoveries.

The Administrators are making preparations to pay an initial dividend to unsecured creditors and, where possible, seeking to agree claims in principle. Once there is certainty that Zestdew is not subject to an FSD the Administrators propose to apply to Court to request an Order to convert the administration of Zestdew into a distributing administration in order to allow them to pay a first interim dividend to unsecured creditors.

Section 3 Statutory and other Information

<i>Court details for the Administration</i>	High Court of Justice, Chancery Division, Companies Court - case 9579 of 2008
<i>Full name</i>	Zestdew Limited
<i>Trading name</i>	Zestdew Limited
<i>Registered number</i>	05965830
<i>Registered address.</i>	Level 23, 25 Canada Square, London E14 5LQ, United Kingdom
<i>Company directors.</i>	LJ Weir (resigned 25/11/08)
<i>Company secretary:</i>	ESE Upton (resigned 25/01/10)
<i>Shareholdings held by the directors and secretary</i>	The director does not own any shares in the Company
<i>Date of the Administration appointment:</i>	29 October 2008
<i>Administrators' names and addresses:</i>	DA Howell, DY Schwarzmann, SA Pearson, MJA Jervis and AV Lomas of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
<i>Appointer's name and address:</i>	The director of the Company, 25 Bank Street, London E14 5LE
<i>Objective being pursued by the Administrators'</i>	Achieving a better result for creditors as a whole than would be likely if the Company was wound up (without first being in Administration)
<i>Division of the Administrators' responsibilities.</i>	The current joint administrators of Zestdew are DA Howell, AV Lomas, MJA Jervis, SA Pearson and DY Schwarzmann of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT In relation to paragraph 100(2) Sch B1 IA86, during the period for which the Administration is in force, any act required or authorised under any enactment to be done by either or all of the Joint Administrators, may be done by any or one or more of the persons for the time being holding that office
<i>Details of any extensions of the initial period of appointment</i>	The Court has granted an extension of the Administration to 30 November 2011
<i>Proposed end of the Administration</i>	The Administrators wish to retain various exit options available to them however the most likely exit route from the Administration is to seek permission to distribute from the administration and proceed to dissolve the Company
<i>Estimated dividend for unsecured creditors'</i>	Based on current information, it is anticipated that there should be a dividend to unsecured creditors, but it is too early to estimate the quantum and timing of such a dividend
<i>Estimated values of the prescribed part and Zestdew's net property:</i>	There is no prescribed part as there is no qualifying floating charge
<i>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:</i>	Not applicable as there is no prescribed part
<i>The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000).</i>	The European Regulation on Insolvency Proceedings does apply to this Administration and these are the main proceedings

Section 4 Financial Information

Administrators' remuneration

At the initial meeting of creditors which was held by correspondence on 5 January 2009, creditors resolved that the Administrators' remuneration be fixed by reference to the time properly given by them and the various grades of their staff. The Administrators were also authorised to draw their remuneration from time to time.

Attached at Section 6 is a summary of the Administrators' time costs for the period 1 October 2010 to 28 February 2011, presented in accordance with Statement of Insolvency Practice 9 ("SIP 9"), together with a narrative of the work performed.

The SIP 9 summary shows that the total time costs for the period 1 October 2010 to 28 February 2011 are £17,254, which represents 49.5 hours at an average hourly rate of £348.57.

Remuneration of £351,480 plus VAT has been drawn in respect of time costs to 30 September 2010.

Time cost analyses for the period 29 October 2008 to 30 September 2010 have previously been provided.

Receipts and payments account

An account of the receipts and payments in the Administration to 28 April 2011 is set out overleaf.

Section 5 Receipts and Payments Account

	As at 28 April 2011 (£)	As at 28 October 2010 (£)	Movements (£)
Receipts			
Realisations from Loan Portfolio	1,275,186	809,623	465,563
Cash at bank at appointment	1,006,923	1,006,923	-
Interest received gross	2,484	1,838	646
Total Receipts	2,284,593	1,818,384	466,209
Payments			
Joint Administrators' Remuneration	351,480	310,760	40,720
Joint Administrators' category 1 disbursements	1,767	1,767	-
Legal Fees	93,603	92,878	725
Gross wages & salaries	135	-	135
Statutory Costs	1,279	1,279	-
Bank charges	135	135	-
VAT Paid	69,376	62,123	7,253
Total Payments	517,775	468,942	48,833
Net Position	1,766,818	1,349,442	417,376
CASH BALANCES			
HSBC - Non-interest bearing	1,766,818	133,604	1,633,214
Short term deposits	-	1,215,838	(1,215,838)
Total Cash	1,766,818	1,349,442	417,376

Section 6 Joint Administrators' time costs for the period 1 October 2010 to 28 February 2011

Classification of work	Partner / Director		Senior Manager / Manager		Senior Associate		Associate / Support Staff		Total	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£
Accounting and Treasury	-	-	0.9	360	9.9	3,192	1.7	356	12.5	3,908
Asset disposals	-	-	5.6	2,213	-	-	-	-	5.6	2,213
Reporting	-	-	0.5	235	9.3	3,069	0.2	42	10.0	3,346
Strategy and Planning	1.0	800	5.7	2,254	11.1	3,663	-	-	17.8	6,717
LBL Recharge	0.1	25	1.5	603	1.0	243	1.1	199	3.7	1,070
Grand Total	1.1	825	14.2	5,655	31.3	10,167	3.0	597	49.6	17,254

The Joint Administrators' policy for charging for disbursements is

Photocopying is charged at 3p per sheet for creditors and bulk copying
Mileage is charged at a maximum of 62p per mile (up to 2000cc) or 81p per mile (over 2000cc)
All other disbursements are charged at cost

Total

Costs to date	
(£)	

Current charge out rates Grade	Business Recovery Services		Specialist*	
	Max £/hr	Max £/hr	Max £/hr	
Partner	800	980		
Director	610	890		
Senior manager	470	830		
Manager	395	605		
Senior Associate	330	330		
Associate / Support Staff	210	195		

The Administrators remuneration has been fixed by reference to the time properly given by the joint administrators and their staff in attending to matters arising in the administration. The remuneration is to be paid as and when funds become available at the charge-out rates shown for the various grades of staff who may be involved in this administration.

*Specialist departments within PricewaterhouseCoopers LLP such as Tax, VAT and Pensions do sometimes charge a small number of hours should we require their expert advice. Their rates do vary however the figures shown give an indication of the maximum rate per hour.

In common with all professional firms the scale rates used by the Joint Administrators from PricewaterhouseCoopers LLP may periodically rise (for example to cover annual inflationary cost increases) over the period of the Administration. Any material amendments to these rates will be advised to the creditors in the next statutory report.

Summary of the Joint Administrators' time costs for the period 1 October 2010 to 28 February 2011

Accounting and treasury - £3,908

- Monitoring flow of funds into the bank accounts,
- Dealing funds to minimise risk whilst enhancing realisations on investments, and
- Reconciliation of bank accounts

Asset Disposal - £2,213

- Discussions with servicer regarding various loans,
- Liaising with existing loan servicer to formalise servicing agreement to preserve value of the portfolio, and
- Ensuring ongoing compliance with Consumer Credit Act

Reporting - £3,346

- Preparation of the Administrators' fourth progress report,
- Preparation of receipts and payments accounts, and
- Preparation of time cost analysis

Strategy and planning - £6,717

- Meetings to discuss asset valuations and strategy
- Dealing with statutory issues, and
- Maintaining case files and database

LBL recharges - £1,070

- This is an apportionment of the costs incurred by Lehman Brothers Limited associated with the administration companies