

The Insolvency Act 1986

Administrators' 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)

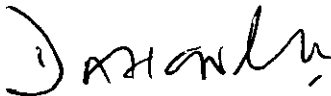
We (a) Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram Schwarzmann, Michael John Andrew Jervis and Derek Anthony Howell of

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 April 2011	(b) 28 October 2011

Signed 

Joint Administrator

Dated 23 November 2011

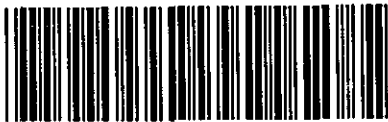
Contact Details:

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

When you have completed and signed this form please send it to the Registrar of Companies at Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

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Zestdew Limited – In Administration

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

23 November 2011



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Section 1 Purpose of the Joint Administrators' progress report

Introduction

This is the sixth 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 October 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 an FSD should not be issued against Zestdew.

As the FSD legal process has not yet been completed, the Administrators are not certain at this stage that Zestdew will not have a liability under an FSD.

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.

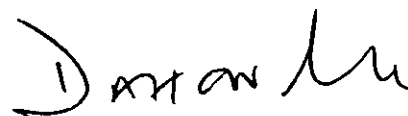
Extension of the administration

On the application of the Administrators, the High Court made an Order to further extend the period of the Administration to 30 November 2012.

Future reports

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

Signed:



DA Howell
Joint Administrator
Zestdew Limited

AV Lomas, SA Pearson, DY Schwarzmann, MJA Jervis and DA Howell were appointed as Joint Administrators of Zestdew Limited to manage its affairs, business and property as agents without personal liability. AV Lomas, SA Pearson, DY Schwarzmann, MJA Jervis and DA Howell are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

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

Zestdew continues to hold its portfolio of consumer loans (the "loan portfolio")

In accordance with the asset realisation strategy, the Administrators continue to implement a hold strategy for the loan portfolio. In the period, a further £208,616 has been realised from the loan portfolio.

On 11 October 2011, the Administrators entered into a settlement agreement with Lehman Brothers Holdings Inc ("LBHI"), which will become effective when LBHI's Plan of Reorganisation is approved by the court and itself becomes effective. Pursuant to this agreement, LBHI has agreed Zestdew's creditor claim of c £1m. Furthermore, Zestdew's creditor position with Lehman Brothers Special Financing Inc has been agreed at c £2.2m

Outstanding matters

Regular dialogue is ongoing with the third party servicer to ensure that the portfolio continues to be serviced effectively whilst the loans are held. It is likely to take several years to run off the loan portfolio

The Administrators continue to assess market conditions and review whether it would be beneficial to creditors sell the loan portfolio rather than run it off.

The Administrators are seeking to agree claims in principle and 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. This will 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 first and second extensions were granted by the High Court of Justice until 30 November 2010 and 30 November 2011 respectively. A third extension has now been granted by the High Court of Justice until 30 November 2012.
<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 March 2011 to 30 June 2011, presented in accordance with Statement of Insolvency Practice 9 ("SIP 9"), together with a narrative of the work performed.

Time costs for the period 1 March 2011 to 30 June 2011 are £15,896, which represents 47 hours at an average hourly rate of £338.21.

Time cost analyses for the period 29 October 2008 to 28 February 2011 have been provided previously.

Remuneration of £384,628 plus VAT has been drawn in respect of time costs incurred from 29 October 2008 to 30 June 2011.

The Administrators' time costs for the period 1 July 2011 to 28 October 2011 are estimated at £16,271. Please note that the estimate is an approximation of the time costs incurred and has not yet been approved internally for reporting and billing. Owing to the size and complexity of the Lehman Brothers companies in administration, only an estimate of the time costs has been provided as there is a delay in providing time costs information to ensure its accuracy and integrity.

Receipts and payments account

An account of the receipts and payments in the Administration showing movements for the six months to 28 October 2011 is shown overleaf.

Section 5 Receipts and Payments Account

	As at 28 October 2011 (£)	As at 28 April 2011 (£)	Movements (£)
Receipts			
Realisations from Loan Portfolio	1,483,802	1,275,186	208,616
Cash at bank at appointment	1,006,923	1,006,923	-
Interest received gross	2,484	2,484	-
Total Receipts	2,493,209	2,284,593	208,616
Payments			
Joint Administrators' Remuneration	384,628	351,480	33,148
Joint Administrators' category 1 disbursements	1,767	1,767	-
Legal Fees	99,504	93,603	5,901
Employee costs	802	135	667
Statutory Costs	1,314	1,279	35
Bank charges	135	135	-
VAT Paid	79,353	69,376	9,977
Total Payments	567,503	517,775	49,728
Net Position	1,925,706	1,766,818	158,888
Cash balances			
HSBC (Non-interest bearing)	1,925,706	1,766,818	158,888
Total Cash	1,925,706	1,766,818	158,888

Section 6 Joint Administrators' time costs for the period 1 March 2011 to 30 June 2011

Classification of work	Partner / Director		Senior Manager / Manager		Senior Associate		Associate / Support staff		Total	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£
Accounting and Treasury	-	-	-	-	8.5	2,324	2.2	462	10.7	2,786
Asset Realisation	-	-	5.0	1,975	2.8	924	-	-	7.8	2,899
Statutory and Reporting	-	-	4.6	1,930	4.4	1,452	3.1	651	12.1	4,033
Strategy and Planning	1.0	800	2.5	988	7.1	2,343	0.1	10	10.7	4,141
Tax and VAT	-	-	2.1	1,091	-	-	-	-	2.1	1,091
LBL recharges	0.1	55	1.6	561	1.1	230	0.8	100	3.6	946
Grand Total	1.1	855	15.8	6,545	23.9	7,273	6.2	1,223	47.0	15,896

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 (£)	-
	16
	16

Current charge out rates	BRS		Specialist*	
	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 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 March 2011 to 30 June 2011

Accounting and treasury - £2,786

- Monitoring flow of funds into the bank accounts,
- Effecting receipts and payments, and
- Reconciliation of bank accounts.

Asset Realisation - £2,899

- 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

Statutory and Reporting - £4,033

- Preparation of the Administrators' fifth progress report,
- Preparation of receipts and payments accounts;
- Maintaining administration database, and
- Preparation of time cost analysis.

Strategy and Planning - £4,141

- Meetings to discuss asset valuations and strategy;
- Updating strategy document;
- Discussions with advisors regarding pension claim, and
- Maintaining case files

Tax and VAT - £1,091

- Advising on VAT and tax queries and treatment.

LBL recharges - £946

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