

The Insolvency Act 1986

Administrators' progress report

Name of Company

Kaupthing Singer & Friedlander Limited (In Administration)

Company number

00875947

In the High Court of Justice, Chancery Division,
Companies Court

[full name of court]

Court case number

8805 of 2008

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

We (a) Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Benjamin

Thom Cairns of Ernst & Young LLP, 1 More London Place, London SE1 2AF

Administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert dates

(b) 8 October 2015

(b) 7 April 2016

Signed



Joint Administrator

Dated

6 May 2016

WEDNESDAY



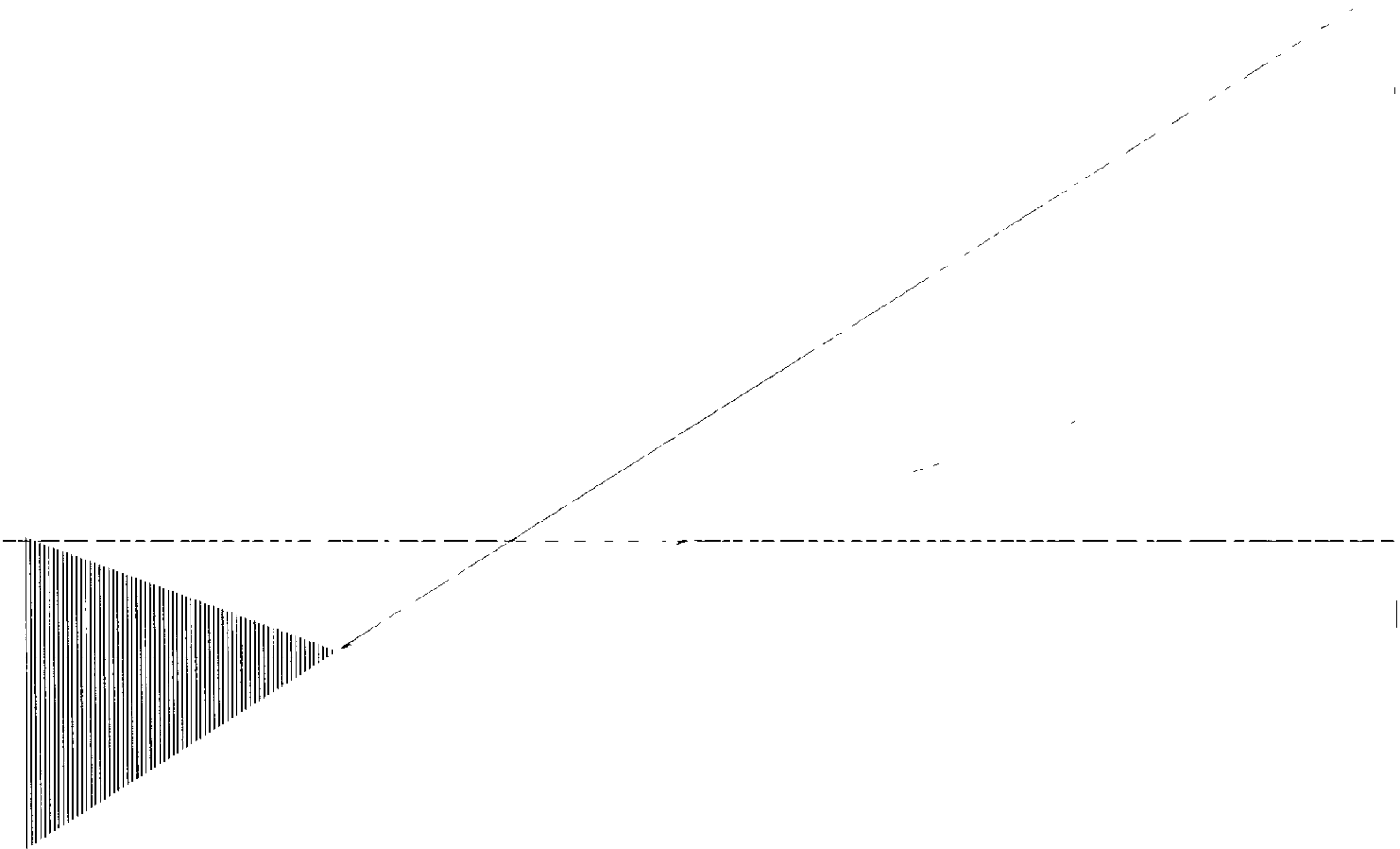
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**Kaupthing Singer & Friedlander Limited -
(In Administration)**

Administrators' Progress Report to creditors for the
six month period from 8 October 2015 to 7 April 2016



**Building a better
working world**

Abbreviations

The following abbreviations are used in this report

Administrators	Up to 26 April 2013, Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Thomas Merchant Burton all of Ernst & Young LLP. From 26 April 2013 and for the period covered by this report, Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Benjamin Thom Cairns all of Ernst & Young LLP
CfD	Contract for difference
Edge	The Edge internet deposit facility
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
HMRC	Her Majesty's Revenue & Customs
HR	Human resources
ING	ING Direct N V
IT	Information technology
Khf	Kaupthing ehf (formerly Kaupthing Bank hf)
KSF	Kaupthing Singer & Friedlander Limited
KSF Group	KSF and its subsidiary companies
Overriding Objectives	Certain objectives set out in the Transfer Order which overrode those in paragraph 3(1) of Schedule B1 to the Act for a period of six months from 8 October 2008
SAF	Singers Asset Finance
SFAM	SFAM Ltd (formerly Singer & Friedlander Asset Management LLP)
SFCM	Singer & Friedlander Capital Management Limited
SFIM	Singer & Friedlander Investment Management Limited
SIP	Statement of Insolvency Practice
SoA	Statement of Affairs
SSA	Services and Secondment Agreement
The Act	The Insolvency Act 1986 (as amended)
The Rules	The Insolvency Rules 1986 (as amended)
Transfer Order	Kaupthing Singer & Friedlander Limited Transfer of Certain Rights and Liabilities Order 2008 (as amended)

Notice: about this report

This report has been prepared by the Administrators solely to provide creditors with additional information concerning the progress of the administration in accordance with Rule 2.47(3) of the Rules. Nothing in this report should be relied upon for any purpose including, without limitation, in connection with any investment decision in relation to the debt, securities or any other financial interest of any member of the KSF Group including for the avoidance of doubt any decision to buy or sell or not to buy and sell any debt, securities or other financial interest. Anyone making such investment decisions should rely on their own enquiries prior to making such decisions and none of the Administrators, Ernst & Young LLP, its partners, members, employees, professional advisers or agents accept any liability and/or assume any duty of care to any third party, (whether it is an assignee or successor of another third party or otherwise) in respect of this report.

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The information contained in this report has been prepared by the Administrators. In preparing this report, the Administrators have relied upon information from the KSF Group records. Although the Administrators have no reason to doubt the accuracy of that information, they are unable to warrant or represent that it or any information provided by a third party is accurate or complete. The Administrators act at all times solely as agents of KSF and without personal liability.

Please note that amounts included in this report are stated in Sterling. However, there are some realisations and payments that are denominated in other currencies and, therefore, may be subject to foreign exchange movements. These foreign exchange movements have been highlighted as foreign exchange gains/losses in the receipts and payments account.

The estimated outcome described in this report is provided as an illustration only and may not represent the actual value of future dividends which may be paid to creditors. A number of assumptions have been made to arrive at these figures, some of which may prove to be incorrect. Any actual future dividends received by creditors will depend on a number of factors including the actual realisations of KSF and its actual liabilities. Clearly, an increase or decrease in the asset realisations and/or an increase or decrease in the liabilities of KSF will impact the final outcome for creditors.

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1. Introduction

Background

On 8 October 2008, KSF entered into administration and ME Mills, AR Bloom, PJ Brazzill and TM Burton were appointed to act as Administrators by order of the High Court in London. TM Burton was replaced by BT Cairns on 26 April 2013. Under the terms of the appointment, any act required or authorised to be done by the Administrators may be carried out by any one of them.

For all other statutory information please refer to Appendix B of this report.

This report, including its appendices, constitutes the Administrators' fifteenth six monthly report on the progress of the administration pursuant to Rule 2.47(3) of the Rules. This report provides details of the work undertaken in the period 8 October 2015 to 7 April 2016 and should be read in conjunction with the Administrators' previous reports and updates and certain other formal announcements.

Copies of the above documents and other announcements are available on the KSF website, www.kaupthingsingers.co.uk

Summary of the administration objectives

The objective of the administration is to realise KSF's business and assets in a manner which will result in a more advantageous realisation for KSF creditors as a whole than would be achieved on a winding up (a formal liquidation, as defined in the Act), without first being in administration. Additionally, for the first six months of the administration, the Administrators were directed by the Transfer Order to achieve the Overriding Objectives of:

- ▶ Ensuring that KSF provides, and manages the affairs, business and property of KSF to enable it to provide, the services and facilities reasonably required by ING to discharge its obligations in respect of the rights and liabilities under the second transfer (as defined in the Transfer Order)
- ▶ Ensuring that KSF performs the other obligations imposed on it by or under the Transfer Order

As reported previously, the above Overriding Objectives have been completed.

The key focus of the administration continues to be recovering the outstanding loans from the banking loan book and to monitor realisations from the estate of Khf in accordance with its composition agreement.

Creditors' Committee

The Administrators and their staff continue to meet regularly with the Creditors' Committee to provide them with our reports on the progress of the administration and to consult with them on any major matters, by way of actual meetings or via conference calls. These and other Committee matters are dealt with separately in the body of this report.

Permission to make distributions and extension to the administration

The Administrators have applied to, and received permission of, the Court to make distributions to unsecured creditors pursuant to Paragraph 65(3) of Schedule B1 to the Act.

An application for a third extension to the administration was made by the Administrators in June 2015 and was approved by the Court on 22 September 2015. The third extension expires on 7 October 2018.

Future reporting

The Administrators' next formal report to creditors will be in approximately six months' time covering the period from 8 April 2016 to 7 October 2016.

2. Summary of key developments

Progress in the period

The body of the report below details the major areas of progress since 8 October 2015, the areas of particular significance being

- ▶ The thirteenth dividend was paid on 30 March 2016 at a rate of 1 25p in the £
- ▶ Banking loan book recoveries of £10m, increasing total loan recoveries to £2,211m as at 7 April 2016
- ▶ The Court of Appeal hearing in respect of the dispute relating to a \$65m payment which a derivative counterparty should have made to KSF, but paid to Khf in error shortly prior to administration, was held on 8 and 9 March 2016. The Court found in favour of the derivative counterparty on two of KSF's nine grounds of appeal and, as a result, the remainder of KSF's appeal was dismissed without being heard. The Administrators have sought advice from their legal advisors in relation to the impact of the Court of Appeal judgment. Based on advice received, the Administrators are pursuing the claim for the \$65m against Khf.
- ▶ The Khf Winding Up Committee issued a composition proposal to its creditors on 23 October 2015. The Composition was approved by creditors at a meeting of creditors held on 24 November 2015 and was subsequently confirmed by the District Court of Reykjavik on 15 December 2015. The Composition became final and binding on 23 December 2015. Detail regarding KSF claims and associated recoveries is given in Section 3 of this report. Khf made its first distribution in January 2016, and KSF received its entitlement of €44.4m cash, non-interest bearing convertible notes of £86.2m, and new shares in Khf.

Full details of recoveries made for the period of this report together with the total realisations to 7 April 2016 are set out in the Administrators' receipts and payments account at Appendix A.

Dividends to creditors

Further to the notice of intended dividend issued to unsecured creditors on 9 February 2016, the Administrators declared and paid a thirteenth dividend of 1 25p in the £ on 30 March 2016.

Future dividends will be paid subject to consultation with the Creditors' Committee, and the level of distributable funds making it cost effective to do so.

The Joint Administrators have updated the estimated range for total dividends to non-preferential creditors to 85.5p-86.5p in the £.

3. Update on conduct of the administration

Banking loan book

KSF loan books

As previously reported, KSF's loan book comprised three portfolios corporate, property and private banking. The net book values of each loan book, as detailed on the SoA, together with collections to date are set out below

(£'m)	SoA net book values as at 8 October 2008	Actual capital cash collections to 7 April 2016	Actual total cash collections to 7 April 2016
Corporate	631	677	734
Property	864	581	613
Private Banking	1,115	806	864
Total	2,610	2,064	2,211

Notes

- 1 Cash collections are converted into Sterling as at transaction date exchange rates
- 2 Corporate banking receipts exclude cash received from warrant cancellations and swap settlements of c £26m
- 3 Property banking receipts exclude swap settlements of c £1m
- 4 Differences between the loan book receipts as per the receipts and payments account to 7 April 2016 (Appendix A) and the above table are explained below

Loan book recoveries to 7 April 2016 total £2,211m, consisting of £2,064m capital repayments, £133m interest repayments and £14m in fees

Please note the above table translates all foreign currency receipts into Sterling ("GBP") at transaction date exchange rates. However, the receipts and payments account which is attached at Appendix A, translates foreign currency balances into GBP as at the reporting date, being 7 April 2016. The receipts and payments account also includes amounts received in respect of swap settlements and warrant cancellations, which are not presented in the above table.

The Administrators continue to focus on maximising recoveries from KSF's loan book, accelerating receipts from borrowers wherever possible in order to enhance realisations for creditors within reasonable timescales.

The loan book recovery process continues to be managed by SFAM, an entity owned and operated by former KSF banking staff, under the supervision of the Administrators. All decisions relating to the loan book are presented to the Administrators and their team for approval at weekly Credit Committee meetings. Further detail in relation to the arrangement with SFAM is provided later in this report.

The Administrators continue to authorise further drawdown payments to customers if it is believed that this will preserve or enhance KSF loan book recoveries, and in respect of legal fees in order to enforce security. To date, drawdown payments total c £67m, of which c £66m has been recovered through capital repayments on the associated loans. The current net drawdown position is c £1.5m. KSF is seeking to recover interest wherever possible in accordance with the terms of facility or settlement agreements.

Provisions for bad and doubtful debts in respect of the loan book are reviewed monthly on a loan by loan basis and on an ad-hoc basis in light of any new developments, and are subject to the Administrators' approval. Write-offs during the administration currently total £691m, excluding sub participations. Creditors should note that each write-off is stated against the gross value of the respective loan, and not against the net book values detailed within the SoA.

Information on estimated future recoveries is monitored by the Administrators in conjunction with SFAM on a loan-by-loan basis.

Individual loan exposures are regularly reviewed at Credit Committee meetings in the context of any recent developments or newly available information. Loan book strategies are then revised to seek to ensure the maximum recovery is realised for creditors. Based on current information, the estimated realisable value of the remaining loans in the KSF loan book is approximately £32.2m.

It should be noted that of the estimated future recoveries, many are subject to uncertainty as a result of overseas and / or UK legal proceedings

As advised in previous reports, KSF held a number of sub-participation positions in corporate loans advanced by Khf with a value of £190m in the Directors' SoA. The loans represent a claim against Khf which are included within the agreed unsecured claim in the Khf winding up proceedings. Further information in respect of the Khf claim can be found later in this report.

In addition to the private banking and property banking loan book accounts mentioned below, there are further accounts that are being monitored by the Administrators and, on a reactive basis, with six or twelve month periodic reviews, as they may realise additional funds from the insolvent estates of borrowers / guarantors.

Private Banking

Actual cash collected (£'m)	8 October 2008 to 7 October 2015	6 months from 8 October 2015 to 7 April 2016	8 October 2008 to 7 April 2016
Capital	805	1	806
Interest	56	-	56
Fees	2	-	2
Total	863	1	864

Note: where total interest and fees received are less than £1m, these have been shown as zero in the above table

As at 7 April 2016, the private banking book includes accounts for six remaining borrowers and comprises three segments, being property, yachts and "other", which represent approximately 20%, 62%, and 18% of the private banking book respectively, by the value of amounts outstanding. "Other" includes securities backed loans and unsecured loans.

As stated in the previous report, KSF held one regulated mortgage which was due to expire in June 2015, but the loan was not repaid prior to the expiry of the facility. The Administrators commenced enforcement proceedings against the borrower and, after negotiation and liaison as regards to refinancing the loan, a consensual possession order was obtained which provided for a repayment extension to November 2015. KSF was repaid in full prior to this date.

Creditors may recall that one yacht position remains outstanding. Whilst the majority of this loan has been repaid, the final payment was due to be received in December 2015 in accordance with the terms of settlement agreed, however, the borrower has defaulted on payment and, therefore, the Administrators have commenced enforcement proceedings. The underlying asset is currently being marketed for sale and the Administrators expect KSF to be repaid in full from the sale proceeds.

Corporate loan book

Actual cash collected (£'m)	8 October 2008 to 7 October 2015	6 months from 8 October 2015 to 7 April 2016	8 October 2008 to 7 April 2016
Capital	677	-	677
Interest	49	-	49
Fees	8	-	8
Total	734	-	734

As previously reported, no further recoveries are forecast in respect of the corporate loan book.

As mentioned in the last report, a sum of c. £2.5m was received in respect of a loan jointly funded by Khf that had previously been written off. The split of net proceeds between the parties has been agreed, resulting in a total recovery of £1.8m for KSF.

Property loan book

Actual cash collected (£'m)	8 October 2008 to 7 October 2015	6 months from 8 October 2015 to 7 April 2016	8 October 2008 to 7 April 2016
Capital	572	9	581
Interest	28	-	28
Fees	4	-	4
Total	604	9	613

As at 7 April 2016, the property loan book includes accounts for seven borrowers and comprises two segments, being overseas property and UK property, which represent 98% and 2% of the property loan book respectively, by the value of amounts outstanding. The overseas property is situated in France, Barbados and St Lucia.

Realisations of c £10m have been achieved in the period, with the largest being in respect of monies received in relation to the sale of a property in Barbados (\$9m less sales costs and taxes), and \$1.7m received in relation to the compulsory purchase of a site in St Lucia in accordance with the payment terms agreed.

For those borrowers who remained cooperative, the Administrators sought to continue to work with them and, where possible, encourage a refinance or sale of property so that the loan position may be exited. In the meantime, as and when the Administrators considered it necessary, further drawdown payments were made in order to preserve or enhance the value of the property.

In those cases where borrowers have been uncooperative or have breached the terms of the facility, the Administrators have sought to enforce KSF's security by appointing Receivers over the property concerned or have commenced legal proceedings for possession. Of the remaining seven property loan accounts, all are or have been subject to such enforcement action.

Where the Administrators consider it to be cost effective, personal guarantors have also been pursued for the balance due to KSF by the borrowers and Trustees in bankruptcy appointed where necessary.

It will be recalled from the previous reports that a number of the properties are the subject of litigation processes in overseas jurisdictions. These proceedings remain ongoing, which has delayed progress and the ability to exit some of these loan positions.

Kaupthing Bank hf

As previously reported, Khf issued a composition proposal ("the Composition") to its creditors on 23 October 2015. The Composition was approved by creditors at a meeting of creditors held on 24 November 2015 and, subsequently, was confirmed by the District Court of Reykjavik on 15 December 2015. The Composition became final and binding on 23 December 2015.

Pursuant to the terms of the Composition, Khf exited from winding-up proceedings, its existing share capital was cancelled and it was re-registered as a private company which is managed by a board of directors appointed by Khf's shareholders at a meeting held on 16 March 2016. Creditors with admitted claims in the Khf winding-up were entitled to receive the following in settlement of their claims:

1. An immediate cash distribution in the amount of c. 8% of the admitted claims value – payable in Euros,
2. Non-interest bearing convertible notes (the "Notes") denominated in £ sterling, and
3. Ordinary shares in the newly issued share capital of Khf (the "Shares") denominated in Icelandic Krona.

KSF received its initial distribution in January 2016 which comprised cash of €44.4m, Notes in the amount of £86.2m and Shares, relating to claims which were registered directly in KSF's name.

KSF also had a claim relating to bonds issued by Khf which was made via the Trustee of the bonds. The initial cash distribution from the Composition in respect of the bonds was paid to the Trustee and the Trustee subsequently distributed the funds to bond holders, after deduction of Trustee's costs. KSF received its entitlement from the Trustee in the amount of \$1.3m in March 2016. In accordance with the terms of the Composition, the entitlement of bond holders to receive their Notes and Shares did not vest in the Trustee. Accordingly, KSF has submitted the necessary registration documents to receive its entitlement of Notes in the amount of c. £2.3m and Shares and is awaiting settlement of the same to its custody account.

The Notes are the mechanism through which Khf will make future cash payments to creditors. The terms of the Notes are such that redemptions will be payable on a quarterly basis commencing on 18 July 2016, subject to a minimum redemption threshold of the £ sterling equivalent of €10m. However, on 12 April 2016, the board of Khf announced that they will make early redemptions of the Notes ahead of the first quarterly redemption date. The first early redemption, amounting to £200m, took place on 27 April 2016, representing a redemption of 6.37% of the Notes. The second early redemption, of at least £32.2m (1.02%), will be made during May 2016, subject to a resolution of the Noteholders in favour of a minor amendment of the terms and conditions to enable a payment of excess funds from one of Khf's reserve accounts. From July 2016, we expect that the quarterly redemption timetable to be followed, subject to there being sufficient funds available for distribution in the estate.

The Notes held by KSF, together with the cash distribution received in relation to the Khf bonds, are held in a custody account with Arion Bank hf in Iceland. Unfortunately, in order to transfer the Notes and cash outside of Iceland, KSF has to apply to the Icelandic authorities for an exemption. It is our understanding that this is a procedural requirement and an exemption should be granted in the circumstances. Accordingly, the Administrators have applied for an exemption to transfer the cash held in KSF's Arion Bank account and will apply for a further exemption to transfer of the Notes to an alternative custody account once we have received the entitlement of Notes related to the Khf bonds set out above. It is anticipated that the exemption application process will take approximately eight weeks and will ensure that the Administrators do not have any restrictions or risk in relation to the transfer of funds received from Khf in the future.

As explained below, KSF does not intend to take any further action against the derivative counterparty in relation to the \$65m payment made to Khf in error in early October 2008. Accordingly, KSF are in discussion with the derivative counterparty and Khf to conclude matters relating to the \$65m payment through a settlement agreement pursuant to which KSF's claim against Khf will be accepted. Subject to acceptance of the claim against Khf, KSF will receive its entitlement to the initial cash distribution (c. £3m), Notes in the amount of c. £8m and further Khf shares.

The only other matter which remains outstanding between Khf and KSF relates to the proceedings in the District Court of Reykjavik in respect of the proposed rescission of the repurchase of two bonds by Khf in May 2008. We understand from Icelandic Counsel that there have been no significant developments in relation to the proceedings and, therefore, it is not expected that a full trial will be held prior to Q4 2016.

Funds paid to Khf in error prior to KSF's administration

The Court of Appeal hearing in respect of the dispute relating to a \$65m payment which a derivative counterparty should have made to KSF but, in error, paid to Khf shortly prior to administration was held on 8 and 9 March 2016.

KSF was requested to address two of its nine grounds of appeal before the Court as a priority as these, if found in favour of the derivative counterparty, would be fatal to the appeal in its entirety and minimise Court of Appeal time being invested in addressing the more complex areas of law in KSF's other grounds of appeal. The Court of Appeal decided in favour of the derivative counterparty on both grounds and, therefore, the remainder of KSF's appeal was dismissed without being heard.

The Administrators have sought advice from their legal advisors and Counsel in relation to the impact of the Court of Appeal judgment and the likely costs of taking any further proceedings. On balance, the Administrators have concluded that it is not in the interests of the KSF estate to take any further action against the derivative counterparty. Accordingly, as set out above, the Administrators are pursuing the claim for the \$65m against Khf.

4. Creditor update

Non-preferential creditors

The Administrators have adjudicated a total of 1,050 claims as at 7 April 2016, with a gross value of c £5.5bn, of which 483 claims (c £0.6bn) were received from non-Edge depositors. The remaining 567 claims (c £4.9bn) arise from all other aspects of KSF's business including repurchase and derivative counterparties, CfD clients, landlords, trade creditors, employees, employee taxes, pension scheme, associated companies and the FSCS in relation to Edge accounts. The claims of these creditors rank equally as non-preferential claims.

As at 7 April 2016, all received claims have been adjudicated. Claims to the value of c £4.1bn have been admitted to rank for dividend and c £1.4bn have been rejected, with the current estimated maximum claims not expected to exceed c £4.1bn.

The Administrators have not received any new claims in the period. However, the Administrators have been contacted by creditors advising that they have assigned their debts to third parties. Whilst these assignments do not have an impact on the overall value of claims admitted for dividend, they do require adjustment to the Administrators' records in relation to the assigned claims. The number of admitted claims has reduced by two in the period, where some claims have been consolidated from two or more assignees.

Dividends to non-preferential creditors

In accordance with a notice of intended dividend issued on 9 February 2016, the Administrators declared and paid a thirteenth dividend of 1.25p in the £ on 30 March 2016. Funds in the amount of £51.24m were distributed to unsecured creditors with agreed claims totalling £4,099m. No provision was made in respect of claims not agreed as there were none at the date of dividend.

As at 31 March 2016, dividend payments in the amount of £648,790 had been returned to the Administrators in respect of transfers made to bank accounts which have been closed and creditors have not provided notification to the Administrators of alternative payment details. The Administrators are contacting those creditors whose payments have been returned and are in the process of re-issuing these payments.

Future dividends will be paid subject to consultation with the Creditors' Committee and the level of distributable funds making it cost effective to do so. As previously reported, the Administrators have agreed with the Creditors' Committee that, for the time being, the minimum dividend payable will be 0.5p in the £, which equates to the distribution of funds in the amount of c £20m and, if greater, will be paid at minimum increments of 0.25p in the £ (c £10m). The Administrators will continue to use the KSF website to provide updates in relation to dividend timing in between progress reports.

Creditors should note that as the majority of the assets, other than the outstanding loan book and the Khf Notes have been collected, the level of future dividend payments will be dependent on the timing and quantum of ongoing loan book recoveries and distributions from Khf.

Estimated outcome for creditors

The Administrators are not in a position to provide confirmation of the exact timing or quantum of any dividends beyond the thirteenth dividend at this time. However, the historical distribution timetable is set out below.

Dividends	Date of Distribution	Quantum (p in £)
First dividend	22 July 2009	20p in £
Second dividend	9 December 2009	10p in £
Third dividend	30 March 2010	5p in £
Fourth dividend	28 July 2010	10p in £
Fifth dividend	8 December 2010	8p in £
Sixth dividend	25 May 2011	5p in £
Seventh dividend	5 October 2011	5p in £
Eight dividend	2 May 2012	10p in £
Ninth dividend	31 October 2012	3p in £
Tenth dividend	6 June 2013	3p in £
Eleventh dividend	18 December 2013	2.5p in £
Twelfth dividend	10 December 2014	1p in £
Thirteenth dividend	30 March 2016	1.25p in £
Total paid to date		83.75p in £
Fourteenth dividend	Estimated to be Q4 2016 or Q1 2017	Not less than 0.5p in the £

On the basis of current forecast recoveries from the banking book, prudent estimates of realisations from other assets, maximum estimates of unsecured claims and current market conditions not deteriorating, the Administrators have updated their estimate of total dividends to non-preferential creditors to 85.5p-86.5p in the £. The Administrators would stress that the eventual outcome of the Administration could be lower or higher as there remain significant issues which may impact either future realisations or the level of claims from creditors, and thus the estimate is indicative and cannot be relied upon.

Non-Edge deposit book

As previously reported, the Administrators and the FSCS continue to work closely in accordance with the agreed framework and timetable for the provision of information in respect of payments made by the FSCS to non-Edge depositors prior to payment of each dividend. Whilst the FSCS have processed almost all of the compensation claims they have received, this process remains essential to ensure that depositors do not receive compensation from the FSCS as well as a dividend from the administration.

5. Other matters

Receipts and payments account

Attached at Appendix A is the Administrators' receipts and payments account for the period 8 October 2008 to 7 April 2016, which includes a summary of the receipts and payments for the reporting period. All receipts and payments are shown inclusive of VAT, where applicable.

It should be noted that foreign currency transactions occurring in currencies other than Euro and US Dollar are converted into Sterling using the exchange rate at the date of each transaction. With regard to Euro and US Dollar transactions, the figures stated have been converted into Sterling using exchange rates as at 7 April 2016.

The funds in the Administrators' control are held across a number of clearing banks in order to mitigate risk. Some monies are invested in low risk, short term money markets in order to achieve a greater rate of return than if left in a standard business current account.

The Administrators' receipts and payments account is a statement of cash received and cash paid out and does not reflect estimated future realisations or costs.

Statement of Affairs

As with previous reports, in view of the redaction of the Directors' SoA we have not reflected the Directors' estimated to realise valuations as required under SIP 7 in the receipts and payments account attached at Appendix A.

Creditors' Committee

The Administrators report on a regular basis to the Creditors' Committee, which comprises three members, on matters of importance in relation to the administration of KSF.

The Committee continues to attend the formal meetings and provide their opinions by way of consultation on major issues. We wish to express our thanks for this assistance and the considerable time they have committed to date.

The membership of the Committee during this reporting period was constituted as follows:

- 1 Cats Protection,
- 2 Financial Services Compensation Scheme Limited,
- 3 Peterborough City Council,

Subsidiary companies

Singer Asset Finance subsidiaries (Asset Finance)

Creditors may recall that monies were held in two escrow accounts following the sale of the Asset Finance division to Shawbrook Bank Limited in March 2012, and the release of these monies was subject to the resolution of two specific tax issues.

At the date of our last report, a total sum of c. £18.1m had been received in this respect. Creditors will recall that a sum of £0.28m was held in the remaining escrow account subject to the closure of a tax enquiry window. These monies were received in January 2016.

Singer & Friedlander Investment Management Group

As previously reported, both SFIM and SFCM were placed into solvent liquidation on 24 September 2013

At the time of my last report, the Joint Liquidators had received all necessary tax clearances and were proceeding to close the liquidations. However, during the period in question, SFIM received funds directly into the liquidation bank account which the Liquidators believe should have been sent to Williams De Broe ("WBD"), the purchaser of the KSF Group's investment management business. Correspondence has been sent to WBD to arrange for a refund of these monies, but has yet to be finalised.

Once this matter has been resolved, the Liquidators will take steps to conclude the liquidations.

Other subsidiary companies

All subsidiary companies in the KSF Group are either in members' voluntary liquidation, or have either been in a form of insolvency process, sold or struck off the company register.

A summary of the direct / indirect subsidiaries which have been placed into solvent liquidation or dissolved via strike off procedure is set out in the table at Appendix C.

In the last report, it was advised the Liquidators of Sinjul Investments Limited and Kaupthing Limited were taking steps to conclude the liquidations. The liquidations were concluded in February 2016 and are due to be struck-off the Register of Companies shortly.

Attached at Appendix C is a summary of the current KSF Group corporate structure.

Operational matters

Information Technology matters

The Administrators, with the assistance of the IT and operations team seconded from SFAM, review KSF's IT systems and costs as an ongoing process. Subject to ongoing business needs, costs are reduced wherever possible.

As previously reported, KSF is required to retain data as part of legal and regulatory requirements. A long-term data retention environment has been specified and built, with non-mandatory applications and functions wound down to leave a core of key applications to enable the loan book to continue to be managed and which will allow data to be retained indefinitely to the Administrators' order. Operating and support procedures for this core system have been documented and tested for effectiveness and accuracy.

Services and Secondment Agreements of SFAM

The Administrators consider that continuing to use the former banking staff provides the most effective way of realising the loan book and complying with KSF's regulatory requirements. The relationship is governed by the Fifth SSA which took effect from 1 May 2015 and runs to 31 December 2016.

Regulatory and Compliance

As mentioned above, KSF's remaining regulated mortgage position has now been closed. Accordingly, an application to remove KSF's regulatory permissions has been submitted to the FCA and the Administrators are awaiting confirmation that the application has been processed successfully. In the meantime, KSF continues to comply with all regulatory requirements.

The SFAM secondees and the Administrators regularly review day-to-day activities to identify any regulatory risks and ensure related controls, policies and procedures are applied as required.

Administrators' remuneration and disbursements

It will be recalled that a Creditors' Committee was formed at the first meeting of creditors. The Creditors' Committee resolved that the Administrators' remuneration be fixed on a time-cost basis, and that the Administrators be authorised to draw 80% of their time costs (plus VAT and expenses) on a rolling six-weekly basis with the remaining 20% being subject to approval of the Creditors' Committee.

As part of the ongoing fee approval process, the Committee members receive a comprehensive analysis of the Administrators' costs including time costs by activity and grade together with a detailed fee narrative by each individual work stream.

The Administrators' total hours and time costs relating to the fifteen six-month periods since the date of appointment are provided below.

Period to	Total time costs (£)	Total hours	Avg hourly rate (£)
7 April 2009	17,941,057	48,746	368
7 October 2009	8,403,547	25,920	324
7 April 2010	6,608,869	18,409	359
7 October 2010	5,676,906	15,137	375
7 April 2011	4,692,167	12,232	384
7 October 2011	4,032,063	9,545	422
7 April 2012	3,941,098	9,223	427
7 October 2012	3,431,717	8,420	408
7 April 2013	2,783,280	6,540	426
7 October 2013	2,967,288	6,733	441
7 April 2014	1,758,862	4,615	381
7 October 2014	1,568,464	3,107	505
7 April 2015	1,457,924	2,775	525
7 October 2015	1,240,984	2,287	543
7 April 2016	1,384,263	2,467	561
Totals	67,888,488	176,158	385

In accordance with SIP 9, attached at Appendix D is an analysis of the time incurred and the associated costs for the administration as a whole and the period in question. As previously reported, the above time costs are inclusive of the Administrators' time costs recovered from ING in the amount of £3.5m pursuant to the transfer of the Edge depositors' accounts.

To date, disbursements of £0.5m plus VAT (inclusive of Category 2 disbursements) have been incurred, of which c. £11k plus VAT was incurred during the period. Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs.

Appendix A Receipts and payments account for the period 8 October 2008 to 7 April 2016

	Receipts & Payments for the period 8 October 2008 to 7 October 2015	Presentational foreign exchange movements on historical Receipts & Payments	Receipts & Payments in six months to 7 April 2016	Total	Notes
£'000	£ ¹	£ ²	£ ³	£	
Receipts					
Cash taken over	417,493	9,319	4	426,816	6
Property loans	596,529	13,476	9,625	619,630	7
Private banking	841,007	28,791	1,306	871,104	8
Corporate loans	743,120	16,522	(356)	759,286	9
Kaupthing ehf	-	-	36,790	36,790	10
Asset Finance	581,062	-	-	581,062	11
Realisations from Transitional Service agreements	14,514	-	-	14,514	12
Tax	21,695	-	118	21,813	13
Rental income	5,779	-	-	5,779	
Share realisations and dividends	416,721	3,807	425	420,953	14
Financial instrument receipts	300,428	3,898	-	304,326	15
Inter-account cross currency receipts	844,318	-	35,764	880,082	16
Other realisations and interest	75,229	233	79	75,541	17
Total receipts	4,857,895	76,046	83,755	4,917,696	
Payments					
Supplier payments	23,837	89	64	23,990	18
Staff wages and related expenses	85,733	3	28	85,764	19
Drawdown payments	58,427	1,752	7,159	67,338	20
Legal and other professional fees	52,934	24	332	53,290	21
Transaction costs relating to SAF sale	10,588	-	-	10,588	
Insurance	1,083	-	44	1,127	
Administrators' fees	76,635	-	1,531	78,166	22
Administrators' disbursements	508	-	14	522	
Rent, rates and utilities	24,362	-	-	24,362	
Tax	496	-	-	496	
Financial instrument settlements	5,622	-	-	5,622	23
Inter-account cross currency payments	795,810	73,934	38,071	907,815	16
Cheques and direct debits released post admin	1,204	-	-	1,204	24
Bank charges and interest	426	16	2	444	
Distribution to preferential creditors	305	-	-	305	
Distribution to unsecured creditors	3,684,962	-	50,588	3,735,550	
Total payments	4,822,932	75,818	97,833	4,996,583	
Foreign exchange gain/(loss)	150	-	-	150	1
Closing balance	34,963	228	(14,078)	21,263	25

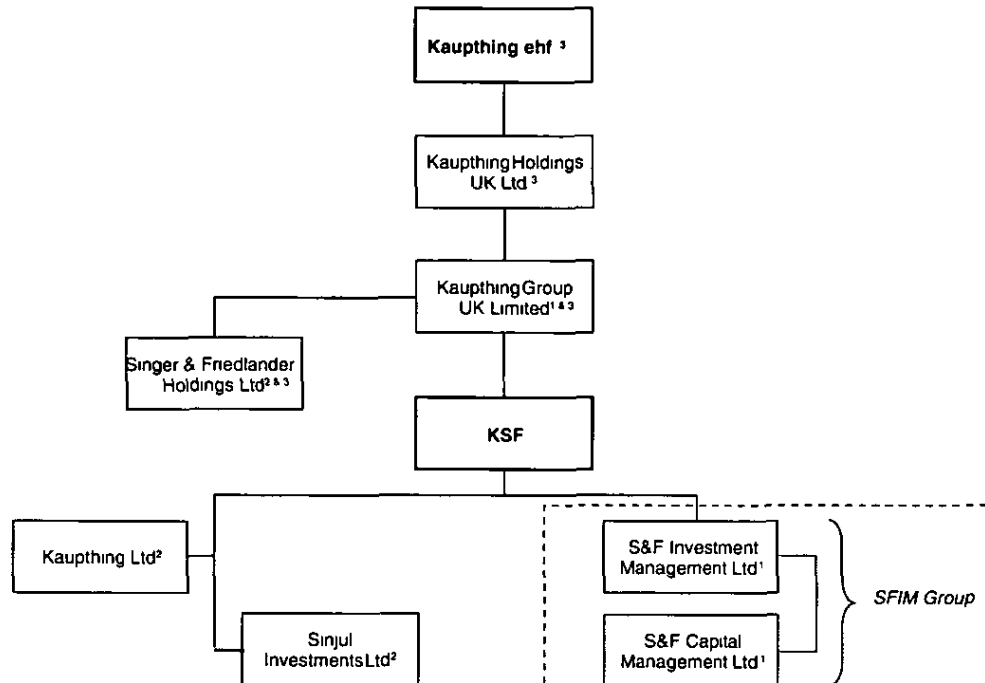
Notes

- 1 All receipts and payments are presented in Sterling and amounts are inclusive of VAT where applicable
- 2 Receipt and payments as per our progress report to 7 April 2016 are stated gross of presentational foreign exchange differences
- 3 Presentational foreign exchange differences show the effect of movement in Euro and US Dollar exchange rates within the period of 7 October 2015 to 7 April 2016 on all historical Euro and US Dollar receipts and payments reported to 7 April 2016
- 4 Receipts and payments within the six months to 7 April 2016 show all receipts and payments made within the period 7 October 2015 to 7 April 2016. Transactions occurred throughout the period at the exchange rates on the relevant date of transaction. This column translates all receipts and payments into Pounds Sterling as at the period end exchange rate date of 7 April 2016. Therefore this column will include foreign exchange differences on Euro and US Dollar receipts and payments within the period.
- 5 Foreign currency transactions occurring in AUD, CAD, HKD, JPY, NOK and NZD are converted into Sterling using an exchange rate as at the relevant date of each transaction. The 'Foreign exchange gain/loss' line shows the effect of changes in exchange rate when physically transferring funds from these foreign currency accounts into Sterling accounts.
- 6 Cash taken over represents monies belonging to KSF and previously held by certain third party banks. These funds are now under KSF's control.
- 7 A combination of capital repayments, interest and fee payments from the Property loan book.
- 8 A combination of capital repayments, interest and fee payments from the Private Banking loan book as well as cash received from guarantees and swap settlements.
- 9 A combination of capital repayments, interest and fee payments from the Corporate loan book as well as cash received from warrant cancellation and swap settlements.
- 10 Monies realised in respect of claims accepted in the estate of Kaupthing ehf in accordance with the terms of its composition agreement.
- 11 A combination of capital repayments, interest and fee payments from the Asset Finance subsidiaries.
- 12 This represents payment for services provided in respect of businesses that have been sold or transferred (SFIM, SAF and Edge).
- 13 This amount relates to money received post administration in respect of tax bills paid in July and August 2008 on behalf of various Asset Finance subsidiaries and subsequent tax refunds received.
- 14 This represents receipts from the sale of shares and dividends.
- 15 This is the product of closed Financial Instrument positions including ISDA valuation settlements, Bond maturities and Coupons, Repurchase Agreements and Equity Swaps.
- 16 The movement in the inter-account cross currency receipts and payments is mainly attributed to the transfer of funds held in the foreign currency bank accounts into the Sterling account to facilitate the distributions to creditors.
- 17 This includes sundry debtors, interest received and miscellaneous receipts such as proceeds from the sale of property, chattel sales and fee refunds.
- 18 Supplier payments in relation to ongoing costs including expenditure on IT.
- 19 This represents payments for staff wages and related expenses.
- 20 These payments are drawdowns provided to existing customers across the loan books in respect of loans which have open facilities funded by KSF where the Administrators have assessed that the further drawings will enhance realisations or reduce potential claims.
- 21 Legal and other professional fees relate to legal advice obtained, court proceedings and litigation conducted in connection with various issues across the administration. Professional fees paid to SFAM are also included in this line.
- 22 Administrators' fees relate to amounts actually billed during the current period and therefore differ from the amounts incurred in the period as per the SIP 9 in Appendix D.
- 23 These figures represent treasury derivatives close out agreements between KSF and two counterparties involving FX, Interest rate and Equity Swaps.
- 24 These payments were released immediately after appointment and before any stop could be placed on them.
- 25 The closing balance represents total receipts less total payments, including all foreign exchange movements for the period from 8 October 2008 to 7 April 2016. Further, over the period of administration, third party funds totalling c £86m have been received and returned, which do not form part of the estate. The Administrators return funds to third parties as soon as reasonably practicable. At the date of this report, a sum of c £3,000 was being held pending the return payment.

Appendix B Statutory and other information as at 7 April 2016

Company Information	
Registered number	00875947
Company name	Kaupthing Singer & Friedlander Limited
Current trading address/ registered office address	1 More London Place London SE1 2AF
Former trading address	One Hanover Street London W1S 1AX
Previous names	Singer & Friedlander Limited until 22 August 2006
Details of the Administrators and of their appointment	
Administrators	ME Mills, AR Bloom, PJ Brazzill and BT Cairns of Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Date of appointment	8 October 2008 (ME Mills, AR Bloom and PJ Brazzill) 26 April 2013 (BT Cairns)
By whom appointed	The appointment of ME Mills, AR Bloom and PJ Brazzill was made by the High Court of Justice, Chancery Division, Companies Court on the application of the Financial Services Authority The appointment of BT Cairns was made by the High Court of Justice, Chancery Division, Companies Court on the application of the continuing Joint Administrators following the resignation of TM Burton
Court reference	High Court of Justice, Chancery Division, Companies Court – case 8805 of 2008
Division of the Administrators' responsibility	Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting severally
Period of administration	First extension to 7 October 2012 granted by Court on 24 April 2009 Second extension to 7 October 2015 granted by Court on 13 August 2012 Third extension to 7 October 2018 granted by the Court on 22 September 2015
Prescribed Part	The Administrators have established that there are no valid fixed or floating charges registered against KSF. In the absence of a floating charge, there are no monies required to be set aside to creditors under s176A of the Act being under the 'Prescribed Part' formula
Statement Concerning the EC Regulation	
EC Regulation Statement	In accordance with the Credit Institutions (Reorganisation and Winding Up) Regulations 2004, the EC Council Regulation on Insolvency Proceedings does not apply to this administration. Under these Regulations the administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Economic Area member State.

Appendix C Kaupthing Singer & Friedlander – group structure at 7 April 2016



Notes

- 1 Entity is in members' voluntary liquidation
- 2 Entity was subject to a members' voluntary liquidation process which has now been concluded. The entities will be struck off the register of companies in due course
- 3 Entity is outside of the KSF Group and therefore is not under control of the Administrators

Direct / Indirect Subsidiaries

Members' voluntary liquidation	Date of appointment	Date struck off the register
Singer & Friedlander Investment Management Holdings Limited	31 March 2009	7 June 2011
KB Retail Advisory Limited	16 June 2009	27 December 2010
Sinjul Investments Limited	16 June 2009	
Wintrust Securities Limited	16 June 2009	27 December 2010
Kaupthing Limited	02 July 2009	
Peaston Emerson's Green Limited	11 November 2009	27 December 2010
Singer & Friedlander Trade Finance Limited	21 April 2010	25 October 2011
Clarke London Limited	29 March 2011	6 December 2011
Singer & Friedlander Asset Management Limited	24 June 2011	27 September 2012
Singer & Friedlander Investment Management Limited	24 September 2013	
Singer & Friedlander Capital Management Limited	24 September 2013	
Creditors' Voluntary liquidation	Date of appointment	Date struck off the register
Singer & Friedlander Funding plc	2 January 2012*	28 August 2014
Strike off	Date struck off the register	
Singer & Friedlander Secretaries Limited	21 July 2009	
Kaupthing Steadfast Limited	21 July 2009	
Cheapside Nominees Limited	27 August 2013	
Private Nominees Limited	27 August 2013	

*Following the appointment of Administrators on 27 November 2008

Appendix D Summary of Administrators' time costs for the period 8 October 2008 to 7 April 2016

Breakdown of hours charged by grade

Classification of work by function	Partner/ Director	Manager	Other senior professionals	Assistants & support	Total hours	Total time costs (£)	Avg hourly rate (£)
Accounting and admin	1,555 1	6,505 6	12,188 8	16,895 5	37,145 0	10,297,134	277
Asset Finance	1,146 3	1,571 7	181 6	31 5	2,931 1	1,581,014	539
Bank and statutory reporting	853 2	2,712 4	2,220 1	1,047 9	6,833 6	2,750,574	403
Banking book	5,093 7	14,527 0	14,747 2	6,548 3	40,916 2	16,156,092	395
Creditors	928 4	3,784 6	5,004 7	3,073 1	12,790 8	4,282,745	335
Debtors	69 5	82 4	37 5	152 1	341 5	123,898	363
Edge decommissioning	19 0	522 8	299 5	11 0	852 3	301,342	354
Edge retail accounts	1,636 5	4,243 0	4,222 7	1,710 6	11,812 8	4,311,844	365
Edge retail migration	249 0	1,264 8	32 5	-	1,546 3	765,478	495
Employee matters	1,130 5	904 0	707 2	278 9	3,020 6	1,385,764	459
Help desk	-	24 1	60 5	861 0	945 6	165,622	175
Immediate tasks	315 6	207 0	437 5	718 1	1,678 2	512,793	306
Investigations and CDDA	216 5	140 4	135 1	52 5	544 5	267,104	491
Investment banking	57 0	47 2	-	-	104 2	56,102	538
IT Wind Down Project	28 1	1,684 4	518 6	32 0	2,263 1	1,097,028	485
KSF Capital Markets	773 3	73 6	324 2	0 7	1,171 8	682,157	582
Legal issues	1,513 7	1,643 0	508 5	228 8	3,894 0	2,142,546	550
Members	-	1 9	-	-	1 9	800	421
Non-Edge IT support	-	192 1	3 0	-	195 1	79,896	410
Other assets	1,145 4	1,767 2	679 9	857 5	4,450 0	2,056,710	462
Property	1,273 3	6,762 2	8,850 6	1,895 1	18,781 2	7,248,487	386
Public relations issues	10 0	45 1	1 9	2 0	59 0	19,752	335
Retail book	117 0	500 7	383 1	44 0	1,044 8	454,179	435
Retention of title issues	-	7 9	6 8	-	14 7	5,243	357
Sale process	623 0	1,480 4	1,362 0	303 2	3,768 6	1,643,201	436
Statutory duties	181 6	440 2	462 1	62 2	1,146 1	513,958	448
Trading	590 9	1,640 8	1,759 4	1,653 8	5,644 9	1,774,475	314
VAT and taxation	2,498 4	5,490 1	2,981 1	1,290 7	12,260 3	7,212,554	588
Total hours	22,025 0	58,266 6	58,116 1	37,750 5	176,158	67,888,488	385
Total time costs (£)	15,698,832	28,884,880	16,547,801	6,756,976	67,888,488		
Avg hourly rate (£)	713	496	285	179	385		

Summary of Administrators' time costs for the six month period 8 October 2015 to 7 April 2016

Breakdown of hours charged by grade

Classification of work by function	Partner/ Director	Manager	Other senior professionals	Assistants & support	Total hours	Total time costs (£)	Avg hourly rate (£)
Accounting and admin	25.3	151.4	237.4	360.4	774.5	291,585	376
Asset Finance	2.0	6.2	-	-	8.2	5,941	725
Bank and statutory reporting	24.5	73.4	37.0	58.4	193.3	94,344	488
Banking book	191.8	459.0	141.7	54.7	847.2	563,945	666
Creditors	7.2	39.9	78.0	12.6	137.7	67,424	490
Debtors	-	2.1	0.3	11.0	13.4	3,789	283
Edge decommissioning	-	-	-	-	-	-	-
Edge retail accounts	-	-	-	-	-	-	-
Edge retail migration	-	-	-	-	-	-	-
Employee matters	-	4.5	0.8	4.2	9.5	4,319	455
Help desk	-	-	-	-	-	-	-
Immediate tasks	-	-	-	-	-	-	-
Investigations and CDDA	-	-	-	-	-	-	-
Investment banking	-	0.2	-	-	0.2	142	710
IT Wind Down Project	-	2.4	-	-	2.4	1,704	710
KSF Capital Markets	-	-	-	-	-	-	-
Legal issues	37.5	33.9	0.7	0.2	72.3	61,104	845
Members	-	0.2	-	-	0.2	131	655
Non-Edge IT support	-	-	-	-	-	-	-
Other assets	91.3	96.1	12.3	-	199.7	161,065	807
Property	-	-	-	1.8	1.8	360	200
Public relations issues	-	-	-	-	-	-	-
Retail book	-	-	-	-	-	-	-
Retention of title issues	-	-	-	-	-	-	-
Sale process	-	-	-	-	-	-	-
Statutory duties	0.1	13.1	56.0	17.5	86.7	32,771	378
Trading	-	-	-	-	-	-	-
VAT and taxation	40.8	37.4	25.4	16.4	120.0	95,642	797
Total hours	420.5	919.8	589.6	537.2	2,467	1,384,263	561
Total time costs (£)	403,199	656,813	208,118	116,133	1,384,263		
Avg hourly rate (£)	959	714	353	216	561		

Time costs of £1,384,263 have been incurred in the six months to 7 April 2016, representing total hours of 2,467 at an average hourly rate of £561. The Administrators' cumulative time costs incurred from date of appointment to 7 April 2016 are c. £67.9m plus VAT.

Charging and disbursement policy

Administrators' charging policy for fees

The size and complexity of the assignment has necessitated that the Administrators put in place a team of Ernst & Young personnel including specialists in financial services, real estate, taxation, systems and IT, HR, communications and other advisory services, as well as core restructuring personnel. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time. Where the Administrators utilise the services of specialist departments within the Administrators' firm such as tax, these departments may charge a number of hours if and when the Administrators require their advice. These rates will vary and may exceed those of the Administrators' restructuring staff.

The rates used by the Administrators may periodically rise over the period of the administration but are, however, subject to the agreement of the Creditors' Committee.

Administrators' charging policy for disbursements

SIP 9 divides disbursements into two categories.

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with SIP 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment.

Category 2 disbursements are charges made by the Office Holder's firm that include elements of shared or overhead costs. SIP 9 provides that such disbursements are subject to approval as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for Category 2 disbursements before they are drawn.