

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

Administrators' Progress Report to creditors for the
six month period from 8 October 2016 to 7 April 2017



Building a better
working world

Abbreviations

The following abbreviations are used in this report:

Administrators	For the period until 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 to 7 April 2017, Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Benjamin Thom Cairns all of Ernst & Young LLP From 7 April 2017 Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Richard Peter Barker 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.
ISDA	International Swaps and Derivatives Association
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 and BT Cairns was replaced by RP Barker on 7 April 2017. 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' seventeenth 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 2016 to 7 April 2017 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 remaining aspects of the administration are the recovery of the outstanding loans from the banking loan book, and monitoring realisations from Khf.

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.

Creditors will be aware that the Administrators made an application to Court for a third extension to the administration, which was granted by the Court on 22 September 2015. The third extension expires on 7 October 2018. The Administrators will assess whether a further extension of the administration is required closer to the time.

Replacement of Administrator

Creditors should note that one of the Administrators, Benjamin Cairns, has left EY. An application to replace Mr Cairns as Administrator of KSF by Richard Barker was submitted to the Court, following the receipt of the required approval from the Secretary of State. Richard Barker is licensed to act as an insolvency practitioner by the Insolvency Practitioners Association and was appointed as Joint Administrator of KSF by Order of the Court with effect from 7 April 2017.

Future reporting

The Administrators' next formal report to creditors will be in approximately six months' time covering the period from 8 April 2017 to 7 October 2017.

2. Summary of key developments

Progress in the period

The body of the report below details the major areas of progress since 8 October 2016, the areas of particular significance being:

- ▶ Banking loan book recoveries of £4m, increasing total loan recoveries to £2,312m as at 7 April 2017.
- ▶ Receipts due to KSF in respect of redemptions of Khf's Convertible Loan Notes held by KSF during the period amount to £34m.
- ▶ Payment of the fourteenth dividend to non-preferential creditors in the amount of 0.5p in the £ on 7 November 2016.

Full details of recoveries made for the period of this report together with the total realisations to 7 April 2017 are set out in the Administrators' receipts and payments account at Appendix A.

Dividends to creditors

As you will be aware, the Administrators issued a notice of dividend on 28 February 2017. The Administrators announced their intention to pay a fifteenth dividend of not less than 0.75p in the £ on 3 May 2017, and paid a distribution of 0.9p in the £ on that date.

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 estimated range for total dividends to non-preferential creditors has increased to 86.25p to 87.0p 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 Oct 2008	Actual cash collections to 7 October 2016 ¹	Cash collections in 6 months to 7 April 2017	Actual total cash collections to 7 April 2017
Corporate	631	774	0	774
Property	864	636	0	636
Private Banking	1,115	898	4	902
Total	2,610	2,308	4	2,312

Notes:

1. Actual capital cash collections to 7 October 2016 differ from those stated in the last report, which is due to presentational FX differences. For additional information, see the notes to the receipts and payments account attached at Appendix A.
2. Receipts are stated gross of presentational foreign exchange differences and all EURO and USD transactions during the period are converted to Sterling at month end exchange rates.
3. Corporate banking receipts exclude cash received from warrant cancellations and swap settlements of c. £26m.
4. Property banking receipts exclude swap settlements of c. £1m

As reported above, loan book recoveries to 7 April 2017 total £2,312m.

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 fortnightly 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. Further, KSF has also granted new facilities to parties for the purpose of acquiring properties over which KSF has security, in order to incentivise sales and reduce the risk of default by diversifying the borrower profile. To date, drawdown payments total c. £71m, and the current net drawdown position is £2.2m (of which, £0.3m relates to new facilities granted). 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 £694m, 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. During the reporting period, some £4m was collected in relation to loan book realisations. The estimated realisable value of the remaining loans in the KSF loan book has reduced from £32.2m as at 7 October 2016 to £29.2m as at 7 April 2017. After loan book collections, the difference of £1m relates to adjustments to provisions, drawdowns and FX movements.

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 and foreign exchange exposure.

It has been reported previously that no further recoveries are anticipated in respect of the corporate banking loan book. In addition to the private banking and property banking loan book accounts mentioned below, there are further accounts related to insolvent estates of borrowers / guarantors that are being monitored by the Administrators, on a reactive basis, with six or twelve month periodic reviews, as they may realise additional funds.

Private Banking

As mentioned in the last report, KSF exited its remaining yacht position in October 2016, following a refinance by the respective borrower. KSF was repaid in full in the amount of €3.9m, plus interest and fees.

As at 7 April 2017, the private banking book included accounts for two remaining borrowers and comprised two segments, being property and "other", which represented approximately 76% and 24% of the private banking book respectively, by value of amounts outstanding. "Other" included securities backed loans and unsecured loans.

One of the remaining positions is subject to ongoing litigation and relates to a property in France. The Administrators are working in conjunction with SFAM to assess all options available with regard to maximising realisations.

Property loan book

As at 7 April 2017, the property loan book included accounts for six borrowers. The property loan book consists entirely of loans secured on overseas properties, which are situated in Barbados and St Lucia. Realisations of c.£0.2m have been achieved in the period, following the sale of a unit over which KSF has security.

The Administrators have continued, where necessary, to make further drawdown payments in order to preserve or enhance the value of property. In addition to this, due to challenging market conditions impacting the level of expected sales, KSF may grant finance to approved individuals in order to acquire certain properties over which KSF holds security. It is considered that this will incentivise potential purchasers, thereby increasing the level of sales, and reduce risk by diversifying the profile of borrowers.

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 six property loan accounts, five 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 previous reports that a number of the properties are subject to litigation proceedings in overseas jurisdictions. These proceedings remain ongoing, which has delayed progress and the ability to exit some of these loan positions.

Kaupthing ehf

As previously reported, KSF received its initial entitlements in accordance with the terms of Khf's Composition Proposals in January 2016, relating to claims which are registered directly in KSF's name. The entitlements were primarily in the form of cash and Convertible Loan Notes ("the Notes") issued by Khf.

The Administrators submitted the necessary registration documents to receive KSF's entitlement of Notes and further Khf shares relating to KSF's claim for holdings of four bonds issued by Khf, which were made via the Trustee of the bonds. Following submission of additional documentation to the Trustees, KSF has now received all entitlements relating to the bonds. Accordingly, KSF now holds Notes with a nominal value of £96.56m and shares representing c3.1% of Khf's issued share capital.

As previously reported, the Notes held by KSF were retained in a custody account with Arion Banki hf in Iceland. In accordance with an exemption received from the Icelandic authorities, the Administrators

transferred KSF's Notes to a custody account with Barclays Bank plc, held in the UK, and any funds received from redemption of the Notes are now received into an account based in the UK.

As creditors are aware, the Notes are the mechanism through which further cash payments will be made to Khf's creditors. The terms of the Notes are such that redemptions are payable on a quarterly basis subject to a minimum redemption threshold of €10m. However, the Khf board have made redemptions at monthly intervals, subject to Khf having sufficient funds available for distribution.

As noted above, KSF currently holds Notes with a nominal value of £96.56m. To the period covered by this report, Khf had made fourteen redemptions representing 49.6% of the nominal value of Notes in issue. A summary of the redemptions are shown in the table below, together with KSF's entitlement.

Redemption Date	Redemption Amount	KSF Entitlement
27-Apr-16	£200,000,000	£6,154,333
31-May-16	£78,000,000	£2,400,190
30-Jun-16	£121,800,000	£3,747,989
18-Jul-16	£10,041,457	£308,992
31-Aug-16	£12,700,000	£390,800
30-Sep-16	£28,300,000	£870,838
18-Oct-16	£19,418,546	£597,541
31-Oct-16	£44,000,000	£1,353,953
30-Nov-16	£187,000,000	£5,754,301
07-Dec-16	£211,000,000	£6,492,821
31-Dec-16	£75,600,000	£2,326,338
18-Jan-17	£45,583,477	£1,417,920
20-Feb-17	£334,000,000	£10,389,406
31-Mar-17	£181,850,000	£5,656,627
28-Apr-17	£22,400,000	£696,775
Total	£1,571,693,480	£48,558,824

Notes:

1. *Redemption payments in the amount of £10.6m payable in respect of disputed claims have been repaid to the Khf estate following final adjudication of such claims.*

As at 7 April 2017, total realisations received in respect of KSF's claims against Khf amount to £85.95m, of which £34m has been received in the period. Since the 7 April 2017 KSF received a 15th redemption of £696,775 as shown above. Please note that this differs from the amount in the receipts and payments account because of presentational foreign exchange differences.

As regards the Khf Bond Rescission cases, both have now proceeded through full trial in the District Court of Reykjavik and judgments were received on 28 February 2017 and 11 April 2017, respectively. Both judgments were in favour of KSF but based on different legal grounds, due to differences in the facts of the cases.

Khf has a period of 3 months from the date of judgment to appeal the proceedings to the Supreme Court of Iceland. It is our understanding that Khf has appealed all other similar rescission cases which were found against it.

4. Creditor update

Non-preferential creditors

The Administrators have adjudicated claims with a gross value of c.£5.5bn as at 7 April 2017. The claims arise from all aspects of KSF's business, but rank equally as non-preferential claims.

As at 7 April 2017, 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.

During the period a number of adjustments were made to existing claims, resulting in the total number of claims being reduced by one, and the value of agreed claims being reduced by £138,355.

Dividends to non-preferential creditors

In accordance with a notice of intended dividend issued on 28 February 2017, the Administrators announced their intention to pay a fifteenth dividend of not less than 0.75p in the £ on 3 May 2017, and paid a dividend of 0.9p in the £ on that date. No provision will be made in respect of claims not agreed as there were none at the date of notice.

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 Administrators have agreed with the Creditors' Committee that, for the time being, the minimum dividend payable will be 0.25p in the £, which equates to the distribution of funds in the amount of c.£10m, and, if greater, will be paid at minimum increments of 0.1p in the £. 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 fifteenth dividend at this time. 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 £
Fourteenth dividend	7 November 2016	0.5p in £
Fifteenth dividend	3 May 2017	0.9p in £
Total paid to date		85.15p in £
Sixteenth dividend	Q4 2017	Not less than 0.25p in £

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 now estimate that total dividends to non-preferential creditors will be in the range of 86.25p-87.0p in the £. The Administrators would stress that this estimate could be lower or higher as there are 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.

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 2017, which includes a summary of the receipts and payments for the reporting period. All receipts and payments are shown inclusive of VAT, where applicable. 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.

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. In previous reports, presentational foreign exchange differences showed the effect of movement in historical Euro and US Dollar balances, together with the movement of foreign exchange on receipts and payments during the reporting period. The attached receipts and payments account, and those going forward, will no longer translate historical receipts and payments, only those which transacted during the reporting period in question.

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.

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; and
3. Peterborough City Council.

Subsidiary companies

Singer & Friedlander Investment Management Group

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

During the period, SFIM received a progress report dated 24 March 2017 from Energis Plc (In Administration and subject to a Scheme of Arrangement). The report indicated that sums would be payable to SFIM, and that the funds would be paid within the next six months. The funds to be received from Energis Plc relate to client custody monies, and will be passed to the ultimate beneficiary upon receipt.

It will be recalled that SFIM received funds directly into the liquidation bank account which the Liquidators believed should have been sent to the purchaser of the KSF Group's investment management business, Williams De Broe ("WBD"). WBD were unwilling to accept receipt of these monies, so they will be transferred to KSF upon closure of the liquidation.

Clearance from HMRC to close both liquidations has been requested and the Liquidators hope to be in a position to close the liquidations once the above matters have concluded.

Other subsidiary companies

All subsidiary companies in the KSF Group are 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 current KSF Group corporate structure, together with 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.

Operational matters

Information Technology matters

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

As mentioned in previous reports, 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. The relationship is governed by the sixth SSA which took effect from 1 October 2016 and runs to 31 December 2018.

Regulatory and Compliance

In the last report, it was advised that an application requesting the cancellation of KSF's Part 4A permissions was made to the FCA, which was granted with effect from 10 October 2016. Quarterly regulatory returns in respect of the regulated mortgage and Part 4A are, therefore, no longer required.

However, the SFAM secondees and the Administrators continue to review day-to-day activities in order 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 (excluding VAT) relating to the seventeen six-month periods since the date of appointment are provided on the next page:

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
7 October 2016	1,356,788	2,448	554
7 April 2017	1,260,686	2,586	488
Totals	70,505,963	181,193	389

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.£16k 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 and are subject to approval of the Creditors' Committee.

Appendix A Receipts and payments account for the period 8 October 2008 to 7 April 2017

£'000	Receipts and payments for the period 8 October 2008 to 7 October 2016 £	Presentational foreign exchange movements on opening balances £	Receipts & payments in six months to 7 April 2017 £	Total to 7 April 2017 £	Notes
Receipts					
Cash taken over	441,097	(5,440)	-	435,657	4
Property loans	643,676	(7,901)	232	636,007	5
Private banking	913,874	(15,976)	3,750	901,648	6
Corporate loans	782,916	(8,986)	-	773,930	7
Kaupthing hf	58,325	(1,717)	34,145	90,753	8
Asset Finance	581,062	-	-	581,062	9
Realisations from Transitional Service agreements	14,514	-	-	14,514	10
Tax	22,160	-	116	22,276	11
Rental income	5,779	-	-	5,779	
Share realisations and dividends	425,675	(1,800)	-	423,875	12
Financial instrument receipts	310,420	(2,323)	-	308,097	13
Inter-account cross currency receipts	887,721	-	4,495	892,216	14
Other realisations and interest	75,879	(118)	74	75,835	15
Total receipts	5,163,098	(44,261)	42,812	5,161,649	
Payments					
Supplier payments	24,146	(51)	103	24,198	16
Staff wages and related expenses	85,794	(46)	20	85,768	17
Drawdown payments	71,361	(1,364)	668	70,665	18
Legal and other professional fees	54,128	29	417	54,574	19
Transaction costs relating to SAF sale	10,588	-	-	10,588	
Insurance	1,170	-	42	1,212	
Administrators' fees	79,551	-	1,496	81,047	20
Administrators' disbursements	527	-	4	531	20
Rent, rates and utilities	24,362	-	-	24,362	
Tax	496	-	-	496	
Financial instrument settlements	5,622	-	-	5,622	21
Inter-account cross currency payments	1,027,757	(42,831)	4,486	989,412	14
Cheques and direct debits released st	1,204	-	-	1,204	22
Bank charges and interest	493	(9)	26	510	
Distribution to preferential creditors	305	-	-	305	
Distribution to unsecured creditors	3,736,206	(1)	20,335	3,756,540	
Total payments	5,123,710	(44,273)	27,597	5,107,034	
Foreign exchange gain/(loss)	150	-	(9)	141	3
Closing balance	39,538	12	15,206	54,756	23

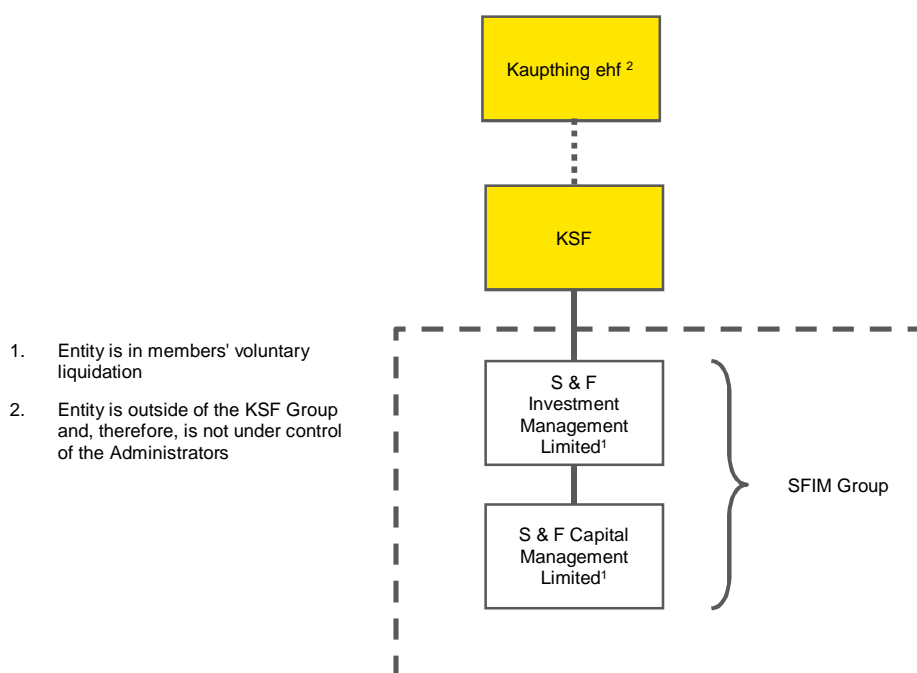
Notes:

1. *In previous reports, presentational foreign exchange showed the effect of movement in historical EURO and USD balances, together with the movement of foreign exchange on receipts and payments during the reporting period. This receipts and payments account, and those going forward, will no longer translate historical receipts and payments, only those which transacted during the reporting period in question.*
2. *Receipts and payments are stated gross of presentational foreign exchange differences and all EURO and USD transactions during the period are converted to Sterling at month end exchange rates.*
3. *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 (£150k). Further, this line includes a foreign exchange gain/loss during the period, representing an adjustment required to net EURO / USD receipts and payments in order to equate to actual cash balances held in those currencies.*
4. *Cash taken over represents monies belonging to KSF and previously held by certain third party banks. These funds are now under KSF's control.*
5. *A combination of capital repayments, interest and fee payments from the Property Banking loan book.*
6. *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.*
7. *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.*
8. *Monies realised in respect of claims accepted in the estate of Kaupthing hf in accordance with the terms of its composition agreement.*
9. *A combination of capital repayments, interest and fee payments from the Asset Finance subsidiaries.*
10. *This represents payment for services provided in respect of businesses that have been sold or transferred (SFIM, SAF and Edge).*
11. *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.*
12. *This represents receipts from the sale of shares and dividends.*
13. *This is the product of closed Financial Instrument positions including ISDA valuation settlements, Bond maturities and Coupons, Repurchase Agreements and Equity Swaps.*
14. *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.*
15. *This includes sundry debtors, interest received and miscellaneous receipts such as proceeds from the sale of property, chattel sales and fee refunds.*
16. *Supplier payments in relation to ongoing costs including expenditure on IT.*
17. *This represents payments for staff wages and related expenses.*
18. *These payments are the granting of new facilities or payments 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.*
19. *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.*
20. *Administrators' fees and disbursements 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.*
21. *These figures represent treasury derivatives close out agreements between KSF and two counterparties involving FX, Interest rate and Equity Swaps.*
22. *These payments were released immediately after appointment and before any stop could be placed on them.*
23. *The closing balance represents total receipts less total payments, including all foreign exchange movements for the period from 8 October 2008 to 7 April 2017. Further, over the period of administration, third party funds totalling c. £86.8m 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, there were no funds held pending return payment.*
24. *In addition to the third party monies mentioned above, during the period the Administrators sold safe custody items, with proceeds of £5k being received. The Administrators have been unable to trace the beneficial owners of the items and the funds have therefore been placed in a ring fenced account. The monies have been excluded from the receipts and payments account.*

Appendix B Statutory and other information as at 7 April 2017

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 RP Barker 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) 7 April 2017 (RP Barker)
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 RP Barker was made by the High Court of Justice, Chancery Division, Companies Court on the application of the continuing Joint Administrators following the resignation of BT Cairns.
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 2017



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	
Kaupthing Limited	2 July 2009	16 May 2016
Sinjul Investments Limited	16 June 2009	16 May 2016
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 2017

Breakdown of hours charged by grade

Classification of work by function	Breakdown of hours charged by grade				Total hours	Total time costs (£)	Avg. hourly rate (£)
	Partner/ Director	Manager	Other senior professionals	Assistants & support			
Accounting and admin.	1,644.8	6,816.0	12,564.7	17,872.5	38,898.0	10,938,720.9	281.2
Asset Finance	1,146.3	1,572.6	181.9	31.5	2,932.3	1,581,761.0	539.4
Bank and statutory reporting	957.1	2,918.3	2,333.7	1,121.8	7,330.9	3,033,812.5	413.8
Banking book	5,360.8	15,116.1	14,964.9	6,558.0	41,999.8	16,885,321.0	402.0
Creditors	982.2	3,826.2	5,183.7	3,200.9	13,193.0	4,451,219.0	337.4
Debtors	69.5	85.0	37.6	154.6	346.7	126,486.0	364.8
Edge decommissioning	19.0	522.8	299.5	11.0	852.3	301,342.0	353.6
Edge retail accounts	1,636.5	4,243.0	4,222.7	1,710.6	11,812.8	4,311,844.0	365.0
Edge retail migration	249.0	1,264.8	32.5	-	1,546.3	765,478.0	495.0
Employee matters	1,130.5	909.8	707.4	280.2	3,027.9	1,390,306.5	459.2
Help desk	-	24.1	60.5	861.0	945.6	165,622.0	175.2
Immediate tasks	315.6	207.0	437.5	718.1	1,678.2	512,793.0	305.6
Investigations and CDDA	216.5	140.4	135.1	52.5	544.5	267,104.0	490.5
Investment banking	57.0	47.2	-	-	104.2	56,101.5	538.4
IT Wind Down Project	28.4	1,697.9	518.6	32.0	2,276.9	1,107,302.5	486.3
KSF Capital Markets	773.3	73.6	324.2	0.7	1,171.8	682,157.0	582.1
Legal issues	1,642.1	1,839.9	617.4	334.1	4,433.5	2,443,398.5	551.1
Members	-	1.9	-	-	1.9	800.0	421.1
Non-Edge IT support	-	192.1	3.0	-	195.1	79,896.0	409.5
Other assets	1,267.1	1,839.2	708.3	882.2	4,696.8	2,232,747.0	475.4
Property	1,273.3	6,762.2	8,850.6	1,895.1	18,781.2	7,248,487.0	385.9
Public relations issues	10.0	45.1	1.9	2.0	59.0	19,751.5	334.8
Retail book	117.0	500.7	383.1	44.0	1,044.8	454,179.0	434.7
Retention of title issues	-	7.9	6.8	-	14.7	5,243.0	356.7
Sale process	623.0	1,480.4	1,362.0	303.2	3,768.6	1,643,201.0	436.0
Statutory duties	182.6	469.3	559.0	117.9	1,328.8	580,770.0	437.1
Trading	590.9	1,640.8	1,759.4	1,653.8	5,644.9	1,774,475.0	314.4
VAT and taxation	2,600.7	5,577.0	3,047.8	1,335.8	12,561.3	7,445,644.0	592.7
Total hours	22,893.2	59,821.3	59,303.8	39,173.5	181,191.8	70,505,962.8	389.1
Total time costs (£)	16,546,653.7	29,908,639.2	16,986,086.7	7,064,583.1	70,505,962.8		
Avg. hourly rate (£)	722.8	500.0	286.4	180.3	389.1		

Summary of Administrators' time costs for the six month period 8 October 2016 to 7 April 2017

Classification of work by function	Breakdown of hours charged by grade				Total hours	Total time costs (£)	Avg. hourly rate (£)
	Partner/Director	Manager	Other senior professionals	Assistants & support			
Accounting and admin.	51.8	126.7	226.0	564.7	969.2	327,044.0	337.4
Asset Finance	-	-	-	-	-	-	-
Bank and statutory reporting	71.4	126.2	39.8	72.2	309.6	167,983.5	542.6
Banking book	116.3	216.9	52.4	7.5	393.1	257,023.5	653.8
Creditors	45.2	11.8	107.9	55.7	220.6	97,068.0	440.0
Debtors	-	-	-	-	-	-	-
Edge decommissioning	-	-	-	-	-	-	-
Edge retail accounts	-	-	-	-	-	-	-
Edge retail migration	-	-	-	-	-	-	-
Employee matters	-	2.4	-	1.0	3.4	1,891.0	556.2
Help desk	-	-	-	-	-	-	-
Immediate tasks	-	-	-	-	-	-	-
Investigations and CDDA	-	-	-	-	-	-	-
Investment banking	-	-	-	-	-	-	-
IT Wind Down Project	0.3	1.5	-	-	1.8	1,401.0	778.3
KSF Capital Markets	-	-	-	-	-	-	-
Legal issues	95.0	139.0	102.4	105.3	441.7	222,821.5	504.5
Members	-	-	-	-	-	-	-
Non-Edge IT support	-	-	-	-	-	-	-
Other assets	79.7	19.4	12.8	19.3	131.2	89,684.0	683.6
Property	-	-	-	-	-	-	-
Public relations issues	-	-	-	-	-	-	-
Retail book	-	-	-	-	-	-	-
Retention of title issues	-	-	-	-	-	-	-
Sale process	-	-	-	-	-	-	-
Statutory duties	-	8.7	21.1	0.5	30.3	12,877.5	425.0
Trading	-	-	-	-	-	-	-
VAT and taxation	47.6	9.6	15.9	11.7	84.8	82,892.0	977.5
Total hours	507.3	662.2	578.3	837.9	2,585.7	1,260,686.0	487.6
Total time costs (£)	485,569.0	373,886.5	216,013.5	185,217.0	1,260,686.0		
Avg. hourly rate (£)	957.2	564.6	373.5	221.0	487.6		

Time costs of £1,260,686 have been incurred in the six months to 7 April 2017, representing total hours of 2,586 at an average hourly rate of £488. The Administrators' cumulative time costs incurred from date of appointment to 7 April 2017 are c. £70.5m 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.