

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

Administrators' Progress Report to creditors for the
six month period from 8 October 2017 to 7 April 2018



Building a better
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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 (England and Wales) Rules 2016
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 18.6 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' nineteenth six monthly report on the progress of the administration pursuant to Rule 18.6 of the Rules. This report provides details of the work undertaken in the period 8 October 2017 to 7 April 2018 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 administration is currently extended to 7 October 2018.

The Administrators are in the process of preparing a court application to apply for an extension of the administration for a further three years, and it is expected that the application will be submitted in May or June 2018. Due to the fact that loan book realisations are not expected to be completed until at least late 2020 and to ongoing delays to the full recovery of monies from the Khf estate, the Administrators consider that a two year extension is unlikely to be sufficient to conclude the administration.

Future reporting

The Administrators' next formal report to creditors will be in approximately six months' time covering the period from 8 April 2018 to 7 October 2018.

2. Summary of key developments

Progress in the period

The body of the report details the major areas of progress since 8 October 2017, the areas of particular significance being:

- ▶ Banking loan book recoveries of £1.6m, increasing total loan recoveries to £2,316m as at 7 April 2018.
- ▶ Receipts during the period in respect of redemptions of Khf's Convertible Loan Notes held by KSF amount to £4.5m.
- ▶ Payment of the sixteenth dividend to non-preferential creditors in the amount of 0.35p in the £ on 11 December 2017.

Full details of recoveries made for the period of this report together with the total realisations to 7 April 2018 are set out in the Administrators' receipts and payments account at Appendix A.

Dividends to creditors

As stated in our previous report, on 19 September 2017 the Administrators announced their intention to pay a sixteenth dividend of not less than 0.25p in the £. Subsequently, a sixteenth dividend of 0.35p in the £ was declared and paid on 11 December 2017, taking cumulative dividends to 85.5p in the £.

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 remains at 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, being 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 2017	Cash collections in 6 months to 7 April 2018	Actual total cash collections to 7 April 2018
Corporate	631	774	-	774
Property	864	638	2	640
Private Banking	1,115	902	-	902
Total	2,610	2,314	2	2,316

Notes:

1. 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.
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.

As reported above, loan book recoveries to 7 April 2018 total £2,316m.

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. 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.

As at 7 April 2018, outstanding recoverable drawdowns total £5.5m. Drawdowns advanced in the reporting period amount to £1.2m, which is referred to in further detail below. 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. There have been no write-offs in the period and write-offs during the administration remain unchanged at a total of £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 £1.6m was collected in relation to loan book realisations.

The estimated realisable value of the loan book has reduced from £22.5m as at 7 October 2017 to £21.5m, as at 7 April 2018. The estimated realisable values of the remaining loans in the KSF loan book are subject to biannual review, as a minimum, and are calculated using estimated future realisations, costs and expenses on each loan account, which are based on period end exchange rates. The estimated realisable value is not discounted to obtain a net present value. The actual movements in the estimated realisable values from 8 October 2017 to 7 April 2018 are as follows:

	(£m)
Total estimated future cash collections as at 8 October 2017	22.5
Drawdowns advanced in the period from 8 October 2017 to 7 April 2018	1.2
Total cash receipts from the period from 8 October 2017 to 7 April 2018	(1.6)
Foreign exchange movement	(0.9)
Adjustments to projected future cash collections	0.3
Total estimated future cash collections at 7 April 2018	21.5

It should be noted that of the estimated future recoveries, the vast majority are subject to difficult market conditions 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 for the benefit of creditors.

Private Banking

As at 7 April 2018, the private banking book included accounts for two remaining borrowers and comprised two segments, being property and "other", which represented approximately 68% and 32% of the private banking book respectively, by value of amounts outstanding. "Other" included securities backed loans and unsecured loans.

During the period of this report, the litigation in respect of one of the remaining positions, being the property in France, was concluded. Accordingly, the Administrators are currently working in conjunction with SFAM and local advisors in order to sell the property.

Property loan book

As at 7 April 2018, the property loan book included accounts for eight borrowers. The property loan book consists entirely of loans secured on overseas properties, which are situated in Barbados and St Lucia. Realisations of c.£1.6m have been received in the period, in respect of the sale of property over which KSF has security, together with the receipt of an instalment due in accordance with repayment terms previously agreed.

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 has granted 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 the period, two such facilities were drawn down and a further facility has been approved but has not yet been drawn. The average value of these facilities is c\$400k with a minimum of three year repayment terms.

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 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 that a number of the properties were previously subject to litigation proceedings in overseas jurisdictions, which had delayed progress and had prevented the ability to exit from certain loan positions. All litigation is now concluded and, therefore, the Administrators are able to market the properties for sale free from encumbrances.

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. KSF holds Notes with a nominal value of £96.56m and shares representing c3.1% of Khf's issued share capital.

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 at 7 April 2018, Khf had made twenty three redemptions representing 64.5% of the nominal value of the Notes in issue. A summary of the redemptions are shown in the table below, together with KSF's entitlement. Further redemptions were received on 18 April 2018 and on 3 May 2018.

Redemption Date	Redemption Amount	KSF Entitlement
to 30-Sep-17	£1,883,090,565	£58,266,342
31-Oct-17	£17,000,000	£529,959
29-Dec-17	£35,000,000	£1,091,093
28-Feb-18	£51,500,000	£1,605,465
28-Mar-18	£39,600,000	£1,234,494
Total	£2,026,190,565¹	£62,727,353
18-Apr-18	£49,219,086	£1,534,360
03-May-18	£33,600,000	£1,041,600

Notes:

1. *Redemption payments in the amount of £14m payable in respect of disputed claims have been repaid to the Khf estate following final adjudication of such claims.*

As at 7 April 2018, total realisations received in respect of KSF's claims against Khf amount to £100.75m, of which £4.5m was received in the reporting period. As shown above and subsequent to the period covered by this report, KSF received two further redemptions totalling £2.6m. Please note these figures may differ from the amounts shown in the receipts and payments account, due to presentational foreign exchange differences.

The Notes are traded on the secondary market at a percentage of the current outstanding principal, after taking account of the cumulative redemptions made by Khf, to the date of specific trade. Based on current broker estimates, Notes were trading at a rate of c118% at the period end, which would equate to a future value of c£40m for KSF.

As regards the Khf bond rescission cases, both cases were heard by the District Court of Reykjavik in early 2017 and the Court ruled in favour of KSF on both occasions. An appeal was lodged by Khf in respect of one case, and a settlement was agreed in respect of the other. During April 2018, Khf have also sought to agree a settlement in respect of the case where they had lodged an appeal and it is expected this will be agreed during May 2018.

4. Creditor update

Non-preferential creditors

As at 7 April 2018, the Administrators have adjudicated claims with a gross value of approximately £5.5bn. The claims arise from all aspects of KSF's business, but rank equally as non-preferential claims.

As at 7 April 2018, all received claims have been adjudicated. Claims to the value of c.£4.1bn have been admitted to rank for dividend and claims totalling £1.4bn have been rejected. The current estimate of maximum claims is not expected to exceed c.£4.1bn.

A number of dividend payments have been returned to KSF in respect of incomplete transfers made due to creditors not notifying the Administrators of changes in their banking details. The Administrators have made attempts to return these funds and, as at the date of this report, a balance of £80k remains outstanding to be returned in this respect. The Administrators continue their attempts in making contact with these remaining creditors in order to return the balance of returned funds that are currently being held prior to issuing the seventeenth dividend.

Dividends to non-preferential creditors

In accordance with a notice of intended dividend issued on 19 September 2017, the Administrators announced their intention to pay a sixteenth dividend of not less than 0.25p. A dividend of 0.35p in the £ was declared and paid on 11 December 2017, taking cumulative dividends to 85.5p in the £.

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 minimum dividend payment threshold is currently 0.25p in the £ (c£10m), with increments above that threshold of 0.1p in the £ (c£4m).

Due to the fact that a number of anticipated loan book receipts from St Lucia and Barbados have been delayed, there is currently insufficient cash available in order for a dividend of 0.25p in the £ to be paid at this time to unsecured creditors. There are, however, sufficient available funds for a smaller dividend to be paid.

The Administrators are considering, in consultation with the Committee, a reduction of the minimum dividend threshold to 0.1p in the £ (c.£4m), being the current incremental level.

The Administrators will continue to use the KSF website to provide updates in relation to dividend timing in between progress reports.

Creditors should also note that, other than outstanding loan book positions and Khf claims, the majority of the Company's assets have now been collected. Accordingly, 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 sixteenth dividend at this time. The historical dividend timetable is set out below:

Dividends	Date of Dividend	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	8 October 2011	5p in £
Eighth 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	8 November 2016	0.5p in £
Fifteenth dividend	3 May 2017	0.9p in £
Sixteenth dividend	11 December 2017	0.35p in £
Total paid to date		85.50p in £
Seventeenth dividend	June / July 2018	To be determined

As at the date of this report, the Administrators estimate that total dividends to non-preferential creditors will be in the range of 86.25p - 87.0p in the £. This estimate is based on 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 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 2018, 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 reports up to 7 April 2017, a column showing presentational foreign exchange movements 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 now only translates receipts and payments 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, the Administrators 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 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.

The Joint Liquidators of SFIM are awaiting receipt of a dividend from Energis plc (In Administration and subject to a Scheme of Arrangement) in respect of a claim made prior to their appointment and on behalf of various former clients of SFIM. SFIM also holds the previously reported funds due to Williams De Broe ("WDB") but which WDB were unwilling to accept. Legal advice will be required in relation to both matters in order to confirm what steps need to be taken with regard to these former clients' funds.

Corporation Tax clearance has been received from HMRC. Both SFIM and SFCM are still registered in a VAT group and will be deregistered in due course.

Other subsidiary companies

All subsidiary companies in the KSF Group are either in members' voluntary liquidation, have been in some form of insolvency process, have been 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 was governed by the sixth SSA which took effect from 1 October 2016 and was due to run until 31 December 2018.

In view of current projections for the realisation period of the remaining loans, the Administrators consider that the services of SFAM will be required beyond 31 December 2018. Accordingly, the Administrators entered into the seventh SSA with SFAM on 1 May 2018 which will govern the relationship between KSF and SFAM until 31 December 2020.

Legal matters

Class Action Settlements

The Administrators were notified of two US class action settlements during the period, against a number of defendant banks. The first action alleges that the defendant banks conspired to fix prices in the foreign exchange market, and the second action alleges that the defendant banks conspired to fix ISDA benchmark rates.

The Administrators, in conjunction with SFAM and other former bank staff, are working to determine whether KSF has claims in either of these actions. Accordingly, we are not currently in a position to estimate the quantum or timing of any potential recovery resulting from these claims.

Regulatory and Compliance

It was previously reported that an application was made to the FCA requesting the cancellation of KSF's Part 4A permissions, which was effected from 10 October 2016.

To ensure controls, policies and procedures are applied as necessary, the Administrators and SFAM secondees continue to review day-to-day activities in order to identify and resolve any regulatory risks.

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) since the date of appointment are provided below:

Period to	Total time costs (£)	Total hours	Avg hourly rate (£)
to 7 October 2017	71,426,910	183,159	390
7 April 2018	838,638	1,869	449
Totals	72,265,548	185,028	391

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.

As at 7 April 2018, the Administrators have incurred total time costs of £72.3m plus VAT. The total time costs are stated based on the Administrators standard hourly rates. However, based on agreement with the Committee, fees incurred for periods since 1 July 2011 have been invoiced at a discount to the standard hourly rates. The current approved discount equates to c20% of standard hourly rates, which is subject to annual review with the Committee. To date, the Administrators have drawn fees in the sum of £71.06m plus VAT representing 100% of approved costs to 29 September 2017 and 80% of recoverable costs from 30 September 2017 to 16 March 2018.

To date, disbursements of £0.5m (inclusive of Category 2 disbursements) have been incurred and paid. During the period of this report, we have incurred disbursements totalling c.£2k which have also been paid from the KSF estate. Category 2 disbursements are charges made by the office holder's firm which 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 2018

£'000	Receipts and payments for the period 8 October 2008 to 7 October 2017	Receipts and payments in the six months to 7 April 2018	Total	Notes
	£	£	£	
Receipts				
Cash taken over	435,657	-	435,657	4
Property loans	637,638	1,553	639,191	5
Private banking	901,649	-	901,649	6
Corporate loans	773,930	-	773,930	7
Kaupthing hf	101,157	4,461	105,618	8
Asset Finance	581,062	-	581,062	9
Realisations from Transitional Service Agreements	14,514	-	14,514	10
Tax	22,429	83	22,512	11
Rental income	5,779	-	5,779	
Share realisations and dividends	423,875	-	423,875	12
Financial instrument receipts	308,097	-	308,097	13
Inter-account cross currency receipts	890,442	246	890,688	14
Other realisations and interest	75,858	20	75,878	15
Total receipts	5,172,087	6,363	5,178,450	
Payments				
Supplier payments	24,301	106	24,407	16
Staff wages and related expenses	85,821	53	85,874	17
Drawdown payments	73,764	1,244	75,008	18
Legal and other professional fees	55,616	319	55,935	19
Transaction costs relating to SAF sale	10,588	-	10,588	
Insurance	1,212	-	1,212	
Administrators' fees	82,026	919	82,945	20
Administrators' disbursements	541	2	543	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	987,651	234	987,885	14
Cheques and direct debits released post admin	1,204	-	1,204	22
Bank charges and interest	528	23	551	
Dividend to preferential creditors	305	-	305	
Dividend to unsecured creditors	3,793,307	14,497	3,807,804	
Total payments	5,147,344	17,397	5,164,741	
Foreign exchange gain/(loss)	106	(89)	17	3
Closing balance	24,849	(11,123)	13,726	23

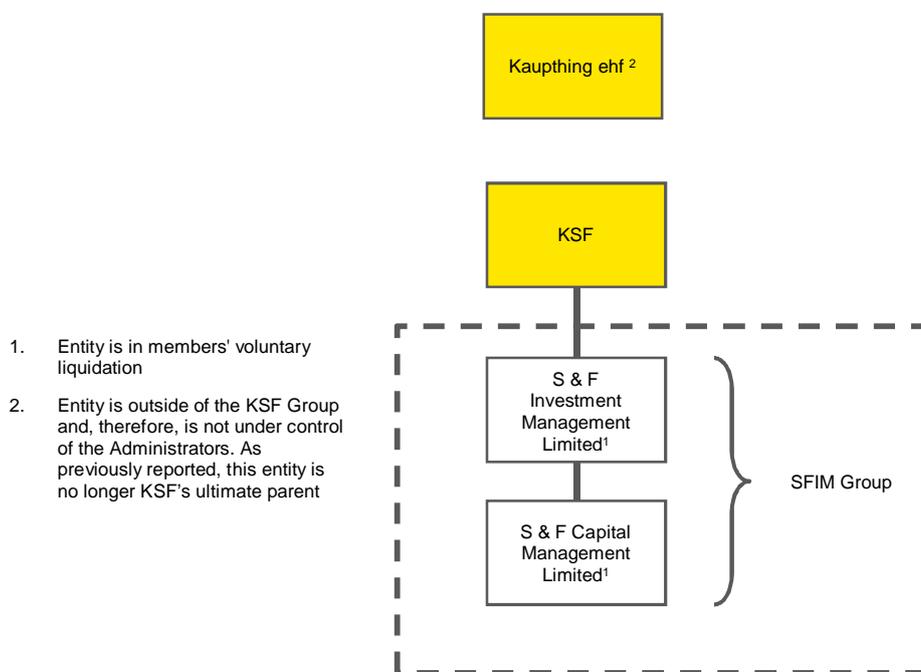
Notes:

1. In reports up to 7 April 2017, a column showing presentational foreign exchange movements 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. The receipts and payments account now only translates receipts and payments 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. 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 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 2018. 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. The closing balance excludes c.£80k of dividend payments which have been returned to the Administrators due to incorrect or out of date bank details held for creditors. The Administrators are contacting all creditors concerned in order to return these funds.

Appendix B Statutory and other information as at 7 April 2018

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) 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 2018



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
Wintrust Securities Limited	16 June 2009	27 December 2010
Sinjul Investments Limited	16 June 2009	16 May 2016
Kaupthing Limited	2 July 2009	16 May 2016
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 2018

Classification of work by function	Partner/ Director	Breakdown of hours charged by grade			Total hours	Total time costs (£)	Avg. hourly rate (£)
		Manager	Other senior professionals	Assistants & support			
Accounting and admin.	1,686.2	7,038.8	12,966.8	18,542.2	40,234.0	£11,404,192	£283
Asset Finance	1,146.3	1,572.6	181.9	31.5	2,932.3	£1,581,761	£539
Bank and statutory reporting	1,043.0	3,082.3	2,379.8	1,364.2	7,869.3	£3,270,330	£416
Banking book	5,728.9	15,518.3	15,069.4	6,599.9	42,916.5	£17,482,206	£407
Creditors	1,045.9	3,862.9	5,301.9	3,540.9	13,751.6	£4,645,272	£338
Debtors	69.5	85.0	37.6	154.6	346.7	£126,486	£365
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	914.5	710.1	280.2	3,035.3	£1,393,876	£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	28.6	1,697.9	518.6	32.0	2,277.1	£1,107,501	£486
KSF Capital Markets	773.3	73.6	324.2	0.7	1,171.8	£682,157	£582
Legal issues	1,713.3	1,849.7	618.8	334.1	4,515.9	£2,515,923	£557
Members	-	1.9	-	-	1.9	£800	£421
Non-Edge IT support	-	192.1	3.0	-	195.1	£79,896	£410
Other assets	1,312.4	1,864.2	721.3	932.4	4,830.3	£2,304,480	£477
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	182.6	471.6	575.2	117.9	1,347.3	£588,153	£437
Trading	590.9	1,640.8	1,759.4	1,653.8	5,644.9	£1,774,475	£314
VAT and taxation	2,635.1	5,638.0	3,061.3	1,470.9	12,805.3	£7,556,893	£590
Total hours	23,603.4	60,749.8	60,021.5	40,652.8	185,027.5	£72,265,548	£391
Total time costs (£)	£17,205,391	£30,405,544	£17,263,424	£7,391,189	£72,265,548		
Avg. hourly rate (£)	£729	£501	£288	£182	£391		

Appendix E Summary of Administrators' time costs for the period 8 October 2017 to 7 April 2018

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.	17.1	90.2	279.0	246.7	633.0	£227,316	£359
Asset Finance	-	-	-	-	-	-	-
Bank and statutory reporting	42.5	83.3	33.4	128.9	288.1	£126,542	£439
Banking book	154.3	178.9	48.8	15.9	397.9	£261,725	£658
Creditors	29.4	18.8	44.7	260.9	353.8	£110,699	£313
Debtors	-	-	-	-	-	-	-
Edge decommissioning	-	-	-	-	-	-	-
Edge retail accounts	-	-	-	-	-	-	-
Edge retail migration	-	-	-	-	-	-	-
Employee matters	-	4.7	2.6	-	7.3	£3,530	£484
Help desk	-	-	-	-	-	-	-
Immediate tasks	-	-	-	-	-	-	-
Investigations and CDDA	-	-	-	-	-	-	-
Investment banking	-	-	-	-	-	-	-
IT Wind Down Project	0.2	-	-	-	0.2	£198	£990
KSF Capital Markets	-	-	-	-	-	-	-
Legal issues	34.3	0.5	0.1	-	34.9	£34,107	£977
Members	-	-	-	-	-	-	-
Non-Edge IT support	-	-	-	-	-	-	-
Other assets	29.4	12.3	6.3	30.8	78.8	£43,380	£551
Property	-	-	-	-	-	-	-
Public relations issues	-	-	-	-	-	-	-
Retail book	-	-	-	-	-	-	-
Retention of title issues	-	-	-	-	-	-	-
Sale process	-	-	-	-	-	-	-
Statutory duties	-	0.3	-	-	0.3	£212	£705
Trading	-	-	-	-	-	-	-
VAT and taxation	9.4	11.5	2.9	51.1	74.9	£30,929	£413
Total hours	316.6	400.5	417.8	734.3	1,869.2	£838,638	£449
Total time costs (£)	£298,319	£217,460	£162,227	£160,632	£838,638		
Avg. hourly rate (£)	£942	£543	£388	£219	£449		

Time costs of £838,638 have been incurred in the six months to 7 April 2018, representing total hours of 1,869 at an average hourly rate of £449. The Administrators' cumulative time costs incurred from date of appointment to 7 April 2018 are c. £72.3m plus VAT.

Appendix F 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.