

The Insolvency Act 1986

Administrators' progress report

Name of Company

Kaupthing Singer & Friedlander Limited (In
Administration)

Company number

00875947

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

{full name of court}

Court case number

8805 of 2008

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

We (a) Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Benjamin
Thom Cairns of Ernst & Young LLP, 1 More London Place, London SE1 2AF

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

from

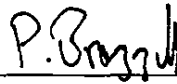
to

(b) Insert dates

(b) 8 April 2015

(b) 7 October 2015

Signed



Joint Administrator

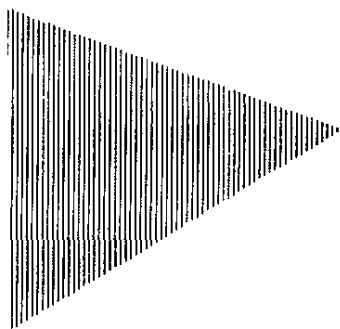
Dated

5 November 2015

SATURDAY



Q4JNOJSR
QIQ 07/11/2015 #32
COMPANIES HOUSE



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

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



Building a better
working world

Abbreviations

The following abbreviations are used in this report

Administrators	Up to 26 April 2013, Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Thomas Merchant Burton all of Ernst & Young LLP. From 26 April 2013 and for the period covered by this report, Margaret Elizabeth Mills, Alan Robert Bloom, Patrick Joseph Brazzill and Benjamin Thom Cairns all of Ernst & Young LLP
CfD	Contract for difference
Edge	The Edge internet deposit facility
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
HMRC	Her Majesty's Revenue & Customs
HR	Human resources
IT	Information technology
Khf	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.

No representation or warranty, express or implied, is given by KSF, the Administrators or Ernst & Young LLP or any of their respective directors, partners, officers, affiliates, employees, advisors or agents (and any warranty expressed or implied by statute is hereby excluded) as to the accuracy or completeness of the contents of this report or any other document or information supplied, or which may be supplied at any time or any opinions or projections expressed herein or therein, nor is any such party under any obligation to update the report or correct any inaccuracies or omissions in it which may exist or become apparent. In particular, for reasons of commercial sensitivity, information on certain matters has not been included in the report.

No responsibility or liability is accepted for any loss or damage, howsoever arising, that you may suffer as a result of this report and any and all responsibility and liability is expressly disclaimed by KSF and Ernst & Young LLP or any of them or any of their respective directors, partners, officers, affiliates, employees, advisors or agents.

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.

Contents

1. Introduction	1
2. Summary of key developments	2
3. Update on conduct of the administration.....	3
4. Creditor update	7
5. Other matters	9
Appendix A Receipts and payments account for the period 8 October 2008 to 7 October 2015	12
Appendix B Statutory and other information as at 7 October 2015....	14
Appendix C Kaupthing Singer & Friedlander – group structure.....	15
Appendix D Summary of Administrators' time costs for the period 8 October 2008 to 7 October 2015.....	16

1. Introduction

Background

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

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

This report, including its appendices, constitutes the Administrators' fourteenth 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 April 2015 to 7 October 2015 and should be read in conjunction with the Administrators' previous reports and updates and certain other formal announcements.

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

Summary of the administration objectives

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

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

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

The key focus of the administration continues to be recovering the outstanding loans from the banking loan book.

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.

At the time of the previous report, the Administrators were in the process of preparing a court application to apply for a third extension of the administration, as the previous extension was due to expire on 7 October 2015. The application was submitted in June 2015 and approved at a hearing on 22 September 2015. The third extension expires on 7 October 2018.

Future reporting

The Administrators' next formal report to creditors will be in approximately six months' time covering the period from 8 October 2015 to 7 April 2016.

2. Summary of key developments

Progress in the period

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

- ▶ Banking loan book recoveries of £4m, increasing total loan recoveries to £2,201m as at 7 October 2015
- ▶ The Court of Appeal hearing in respect of KSF's appeal against the High Court judgment in the proceedings issued against a derivative counterparty regarding funds totalling \$65m which were paid to Khf in error prior to administration was postponed by the Court from June 2015 and will now be heard in March 2016
- ▶ The Khf Winding Up Committee issued a composition proposal to Khf's creditors on 23 October 2015 and are intending to convene a creditors' meeting to be held in late November 2015 for the purposes of voting on the proposal. If the proposal is implemented, we understand that an initial cash distribution to Khf's creditors will be paid as soon as reasonably practicable, which may be as early as Q1 2016

Full details of recoveries made for the period of this report together with the total realisations to 7 October 2015 are set out in the Administrators' receipts and payments account at Appendix A

Dividends to creditors

The Administrators declared and paid a twelfth dividend of 1p in the £ on 10 December 2014

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

The estimated range for total dividends to non-preferential creditors remains at 85p-86 5p in the £

3. Update on conduct of the administration

Banking loan book

KSF loan books

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

(£'m)	SoA net book values as at 8 October 2008	Actual capital cash collections to 7 October 2015	Actual total cash collections to 7 October 2015
Corporate	631	677	734
Property	864	572	604
Private Banking	1,115	805	863
Total	2,610	2,054	2,201

Notes

- 1 Cash collections are converted into sterling as at transaction date exchange rates
- 2 Corporate banking receipts exclude cash received from warrant cancellations and swap settlements of c. £26m
- 3 Property banking receipts exclude swap settlements of c. £1m
- 4 Differences between the loan book receipts as per the receipts and payments account to 7 October 2015 (Appendix A) and the above table are explained below

Loan book recoveries to 7 October 2015 total £2,201m, consisting of £2,054m capital repayments, £133m interest repayments and £14m in fees

Please note the above table translates all foreign currency receipts into Sterling ("GBP") at transaction date exchange rates. The receipts and payments account, however, which is attached at Appendix A, translates foreign currency balances into GBP as at the reporting date, being 7 October 2015. The receipts and payments account also includes amounts received in respect of swap settlements and warrant cancellations, which are not presented in the above table.

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

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

The Administrators continue to authorise further drawdown payments to customers if it is believed that this will preserve or enhance KSF loan book recoveries. To date, drawdown payments total £59.2m, of which £57.7m has been recovered through capital repayments on the associated loans. The current net drawdown position is, therefore, £1.5m. Where permitted by facility agreements with the borrowers, KSF continues to charge interest at an appropriate commercial rate on any drawdown payments made to customers.

Provisions for bad and doubtful debts in respect of the loan book are reviewed monthly on a loan by loan basis or 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 £690m, excluding sub participations. Creditors should note that each write-off is stated against the gross value of the respective loan, and not against the net book values detailed within the SoA.

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

Individual loan exposures are regularly reviewed at Credit Committee meetings in the context of any recent developments or newly available information. Loan book strategies are then revised to seek to ensure the maximum recovery is realised for creditors. Based on current information, the estimated realisable value of the remaining loans in the KSF loan book is approximately £33.9m.

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

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

Private Banking

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

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

As at 7 October 2015, the private banking book holds accounts for seven borrowers and comprises three segments, being property, yachts and "other", which represent approximately 35%, 50%, and 15% of the private banking book respectively, by the value of amounts outstanding. "Other" includes securities backed loans and unsecured loans.

At the date of this report, KSF holds one regulated mortgage which was due to expire in June 2015, but the loan was not repaid prior to the expiry of the facility. The Administrators are currently liaising with the borrower with regards to refinancing the loan, but KSF has already obtained a court order for possession of the underlying property should a refinancing not occur in a reasonable timeframe.

Creditors may recall that one yacht position remains outstanding. Whilst the majority of this loan has been repaid, the final payment is due to be received in December 2015 in accordance with the terms of settlement agreed.

Corporate loan book

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

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

Creditors should note that no further recoveries are forecast in respect of the Corporate loan book.

As mentioned in the last report, a sum of c. £2.5m was received in respect of a loan jointly funded by Khf that had previously been written off. The split of proceeds between the parties is yet to be determined and discussions are continuing in this respect between KSF, Khf and their respective legal advisors.

Property loan book

Actual cash collected (£'m)	8 October 2008 to 7 April 2015	6 months from 8 April 2015 to 7 October 2015	8 October 2008 to 7 October 2015
Capital	568	4	572
Interest	28	-	28
Fees	4	-	4
Total	600	4	604

As at 7 October 2015, the property loan book holds accounts for nine borrowers and comprises two segments, being overseas property and UK property, which represent 99% and 1% of the property loan book respectively, by the value of amounts outstanding. The overseas property is situated in France, Barbados and St Lucia.

Realisations of c. £4m have been achieved in the period, with the largest being in respect of monies received in relation to an agreed settlement (£2.1m) and deferred consideration due in September 2015 following the sale of a loan in 2014 (\$1.7m).

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

However, 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 nine property loan accounts, eight are or have been subject to such enforcement action.

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

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

Kaupthing Bank hf

As previously reported, KSF's agreed unsecured claims in the Khf winding-up proceedings amount to £406.3m, and the only component of the claim which remains unresolved relates to the derivative counterparty payment in error prior to administration, with a gross value of \$65m. The settlement of this component of the KSF claim is subject to the outcome of ongoing Icelandic and UK legal proceedings with the derivative counterparty (see below).

The only other matter which remains outstanding as between Khf and KSF relates to the proceedings in the District Court of Reykjavik in respect of the proposed rescission of the repurchase of two bonds by Khf in May 2008. We understand that there have been delays in related rescission proceedings and, therefore, the Administrators are advised that it is unlikely that this matter will proceed to full trial before Q3 2016.

As regards the Khf winding-up proceedings, at the date of the last report creditors were advised that the principal barrier to Khf issuing a composition proposal to its creditors was the Icelandic capital controls implemented by the Central Bank of Iceland, which required the Khf Winding-up Committee to obtain an exemption from the Central Bank of Iceland to the terms of any proposed composition.

In June 2015, the Icelandic Ministry of Finance published guidance in relation to its approach to the relaxation of Iceland's capital controls and these proposals were subsequently formally enacted into legislation on 16 July 2015. The key aspect of the legislation is the introduction of a Stability Tax. In summary, this requires entities currently in winding-up proceedings to conclude the proceedings through a composition agreement approved by the requisite majority of creditors and the Icelandic Court by 31 December 2015. Failure to implement a composition agreement by 31 December 2015 will result in the relevant estate being subject to a one-off Stability Tax at a flat rate of 39%, calculated against total assets assessed as at 31 December 2015.

On 4 September 2015, Khf submitted a request to the Central Bank of Iceland for the exemptions necessary to proceed with a composition agreement. The exemption request confirmed that, subject to the requisite majority of Khf's creditors approving the draft composition agreement attached to the exemption request, Khf would make payment of a Stability Contribution (c14% of Khf's assets as at 30 June 2015) to the Central Bank of Iceland, which would relieve Khf from the obligation to pay the Stability Tax.

The Winding-up Committee held a creditors' meeting in Reykjavik on 30 September 2015 to provide creditors with an update on developments in relation to the Khf estate and outline the key intended composition terms. Subsequently, on 23 October 2015, the Winding-up Committee launched a composition proposal. We note that a creditors' meeting is expected to be held in late November 2015 for the purposes of voting on the proposal.

If the Khf composition proposal is implemented, we understand that an initial cash distribution will be paid to Khf's creditors as soon as reasonably practicable, which may be as early as Q1 2016. Based on the terms of the composition proposal, it is estimated that the initial cash distribution will represent a return of c8% on KSF's agreed claims.

The Administrators will continue to attend all creditors' meetings convened by the Winding-up Committee to ensure that they are able to take any appropriate action in relation to the claims submitted by KSF.

Further information in relation to the Khf Winding-up proceedings, including copies of progress reports and presentations made at creditors' meetings, are available on the Khf website (www.kaupthing.com), and provide greater detail in respect of all matters relating to the Khf estate.

If and when the Khf composition proposal is approved, we will provide a further update on its effect for KSF on the KSF website.

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

As previously reported, the Court of Appeal upheld the Administrators' application for leave to appeal the judgment of the High Court in respect of the proceedings against a derivative counterparty in relation to funds in the amount of \$65m which were paid to Khf in error shortly prior to KSF's administration.

The appeal application was listed to be heard by the Court of Appeal in the week commencing 8 June 2015, but the hearing was postponed by the Court and will now commence on 7 March 2016.

4. Creditor update

Non-preferential creditors

The Administrators have received and adjudicated a total of 1,052 claims as at 7 October 2015, with a gross value of c £5.5bn, of which 483 claims (c £0.6bn) were received from non-Edge depositors. The remaining 569 claims (c £4.9bn) arise from all other aspects of KSF's business including repurchase and derivative counterparties, CfD clients, landlords, trade creditors, employees, employee taxes, pension scheme, associated companies and the FSCS in relation to Edge accounts. The claims of these creditors rank equally as non-preferential claims.

As at 7 October 2015, all received claims have been adjudicated. Claims to the value of c £4.1bn have been admitted to rank for dividend and c £1.4bn have been rejected, with the current estimated maximum claims not expected to exceed c £4.1bn.

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

Dividends to non-preferential creditors

The Administrators declared and paid a twelfth dividend of 1p in the £ on 10 December 2014. Future dividends will be paid subject to consultation with the Creditors' Committee, and when the level of distributable funds makes it cost effective to do so.

As previously reported, the Administrators have agreed with the Creditors' Committee that, for the time being, the minimum dividend payable will be 0.5p in the £ and, if greater, will be paid at minimum increments of 0.25p in the £, which equates to the distribution of funds in the amount of c £10m. The Administrators will continue to use the KSF website to provide updates in relation to dividend timing in between progress reports.

Creditors should note that as the majority of the assets, other than the outstanding loan book and the claim against Khf, 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.

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

Dividends	Date of Distribution	Quantum (p in £)
First dividend	22 July 2009	20p in £
Second dividend	9 December 2009	10p in £
Third dividend	30 March 2010	5p in £
Fourth dividend	28 July 2010	10p in £
Fifth dividend	8 December 2010	8p in £
Sixth dividend	25 May 2011	5p in £
Seventh dividend	5 October 2011	5p in £
Eight dividend	2 May 2012	10p in £
Ninth dividend	31 October 2012	3p in £
Tenth dividend	6 June 2013	3p in £
Eleventh dividend	18 December 2013	2 5p in £
Twelfth dividend	10 December 2014	1p in £
Total paid to date		82 5p in £
Thirteenth dividend	Estimated to be Q1 2016	Not less than 0 5p in the £

Estimated outcome for creditors

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 currently estimate that total dividends to non-preferential creditors remain in the range of 85p-86 5p 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.

Non-Edge deposit book

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

In the period, three creditors have received compensation payments from the FSCS leading to a part assignment of their agreed claim in the administration to the FSCS.

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 October 2015, which includes a summary of the receipts and payments for the reporting period. All receipts and payments are shown inclusive of VAT, where applicable.

It should be noted that foreign currency transactions occurring in currencies other than Euro and US Dollar are converted into Sterling using the exchange rate at the date of each transaction. With regard to Euro and US Dollar transactions, the figures stated have been converted into Sterling using the exchange rate as at 7 October 2015.

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

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

Statement of Affairs

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

Creditors' Committee

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

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

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

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

Subsidiary companies

Singer Asset Finance subsidiaries (Asset Finance)

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

To date, a total sum of c. £18.1m has been received in this respect. As mentioned in the last report, an amount of £0.28m is still being retained pending the closure of a tax enquiry window. Subject to any queries HMRC raise, we anticipate these monies will be realised in Q1 2016.

Singer & Friedlander Investment Management Group

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

At the time of my last report, the Joint Liquidators were finalising the tax affairs for both companies and obtaining clearances before making a distribution to the shareholders. All matters have now been finalised and the Liquidators are taking steps to conclude the liquidations.

Other subsidiary companies

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

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

In the last report, it was advised the Liquidators of Sinjul Investments Limited and Kaupthing Limited were taking steps to conclude the liquidations. However, the closure has been postponed pending the conclusion of a transaction whereby capital losses retained by both entities could be utilised by KSF

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

Operational matters

Information Technology matters

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

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 that allow the loan book to continue to be managed, which will allow data to be retained indefinitely to the Administrators' order. Operating and support procedures for this core system have been documented and tested for effectiveness and accuracy.

Services and Secondment Agreements of SFAM

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

Regulatory and Compliance

As mentioned above, KSF holds one regulated mortgage. Once this loan has been exited or closed, KSF will apply to the FCA to remove its remaining regulatory permissions to further reduce reporting requirements.

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

Administrators' remuneration and disbursements

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

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

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

Period to	Total time costs (£)	Total hours	Avg hourly rate (£)
7 April 2009	17,941,057	48,746	368
7 October 2009	8,403,547	25,920	324
7 April 2010	6,608,869	18,409	359
7 October 2010	5,676,906	15,137	375
7 April 2011	4,692,167	12,232	384
7 October 2011	4,032,063	9,545	422
7 April 2012	3,941,098	9,223	427
7 October 2012	3,431,717	8,420	408
7 April 2013	2,783,280	6,540	426
7 October 2013	2,967,288	6,733	441
7 April 2014	1,758,862	4,615	381
7 October 2014	1,568,464	3,107	505
7 April 2015	1,457,924	2,775	525
7 October 2015	1,240,984	2,287	543
Total	66,504,226	173,689	383

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. £23k plus VAT was incurred during the period. Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs.

Appendix A Receipts and payments account for the period 8 October 2008 to 7 October 2015

	Receipts & Payments for the period 8 October 2008 to 7 April 2015	Presentational foreign exchange movements on historical Receipts & Payments	Receipts & Payments in six months to 7 October 2015	Total	Notes
	£'000 ¹	£'000 ²	£ 000 ³	£'000	
Receipts					
Cash taken over	419,326	(1,833)	-	417,493	6
Property loans	594,699	(1,948)	3,778	596,529	7
Private banking	845,194	(4,297)	110	841,007	8
Corporate loans	745,680	(2,198)	(361)	743,121	9
Asset Finance	581,063	(1)	-	581,062	10
Realisations from Transitional Service Agreements	14,512	-	2	14,514	11
Tax	21,571	-	124	21,695	12
Rental income	5,779	-	-	5,779	
Share realisations and dividends	416,793	(74)	2	416,721	13
Financial instrument receipts	301,271	(844)	-	300,427	14
Inter-account cross currency receipts	842,318	-	2,000	844,318	15
Other realisations and interest	75,189	(15)	55	75,229	16
Total receipts	4,863,394	(11,209)	5,710	4,857,895	
Payments					
Supplier payments	23,795	(18)	60	23,837	17
Staff wages and related expenses	85,667	-	66	85,733	18
Drawdown payments	57,397	(301)	1,331	58,427	19
Legal and other professional fees	53,003	(5)	(64)	52,934	20
Transaction costs relating to SAF sale	10,588	-	-	10,588	
Insurance	1,033	(1)	51	1,083	
Administrators' fees	75,268	-	1,367	76,635	21
Administrators' disbursements	500	1	7	508	
Rent, rates and utilities	24,361	1	-	24,362	
Tax	496	-	-	496	
Financial instrument settlements	5,622	-	-	5,622	22
Inter-account cross currency payments	804,616	(10,863)	2,057	795,810	15
Cheques and direct debits released post admin	1,204	-	-	1,204	23
Bank charges and interest	424	-	2	426	
Distributions					
Distribution to preferential creditors	305	-	-	305	
Distribution to unsecured creditors	3,684,960	-	2	3,684,962	
Total payments	4,829,239	(11,186)	4,879	4,822,932	
Foreign exchange gain/(loss)	150	-	-	150	5
Closing balance	34,305	(23)	831	35,113	24

Notes:

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

Appendix B Statutory and other information as at 7 October 2015

Company Information

Registered number	00875947
Company name	Kaupthing Singer & Friedlander Limited
Current trading address/ registered office address	1 More London Place London SE1 2AF
Former trading address	One Hanover Street London W1S 1AX
Previous names	Singer & Friedlander Limited until 22 August 2006

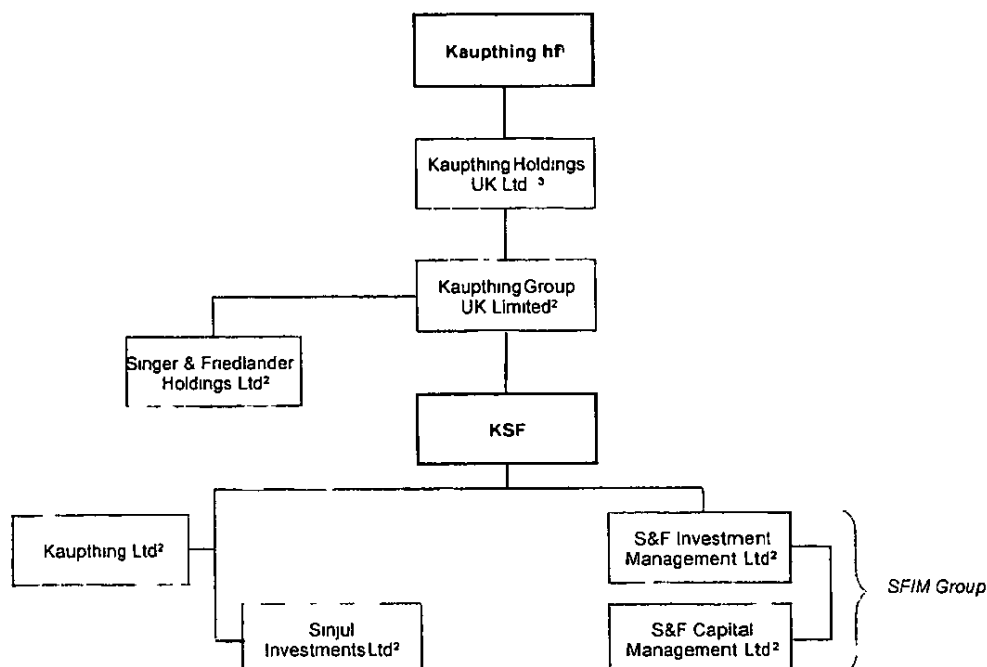
Details of the Administrators and of their appointment

Administrators	ME Mills, AR Bloom, PJ Brazzill and BT Cairns of Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Date of appointment	8 October 2008 (ME Mills, AR Bloom and PJ Brazzill) 26 April 2013 (BT Cairns)
By whom appointed	The appointment of ME Mills, AR Bloom and PJ Brazzill was made by the High Court of Justice, Chancery Division, Companies Court on the application of the Financial Services Authority The appointment of BT Cairns was made by the High Court of Justice, Chancery Division, Companies Court on the application of the continuing Joint Administrators following the resignation of TM Burton
Court reference	High Court of Justice, Chancery Division, Companies Court – case 8805 of 2008
Division of the Administrators' responsibility	Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting severally
Period of administration	First extension to 7 October 2012 granted by Court on 24 April 2009 Second extension to 7 October 2015 granted by Court on 13 August 2012 Third extension to 7 October 2018 granted by the Court on 22 September 2015
Prescribed Part	The Administrators have established that there are no valid fixed or floating charges registered against KSF. In the absence of a floating charge, there are no monies required to be set aside to creditors under s176A of the Act being under the 'Prescribed Part' formula

Statement Concerning the EC Regulation

EC Regulation Statement	In accordance with the Credit Institutions (Reorganisation and Winding Up) Regulations 2004, the EC Council Regulation on Insolvency Proceedings does not apply to this administration. Under these Regulations the administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Economic Area member State.
-------------------------	--

Appendix C Kaupthing Singer & Friedlander – group structure at 7 October 2015



Notes

- 1 Entity is in winding up proceedings under Icelandic law
- 2 Entity is in members' voluntary liquidation
- 3 Entity is outside of the KSF Group and therefore is not under control of the Administrators

Direct / Indirect Subsidiaries

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

*Following the appointment of Administrators on 27 November 2008

Appendix D Summary of Administrators' time costs for the period 8 October 2008 to 7 October 2015

Breakdown of hours charged by grade

Classification of work by function	Partner/ Director	Manager	Other senior professionals	Assistants & support	Total hours	Total time costs (£)	Avg hourly rate (£)
Accounting and admin	1,529 8	6,354 2	11,951 4	16,535 1	36,370 5	10,005,550	275
Asset Finance	1,144 3	1,565 5	181 6	31 5	2,922 9	1,575,073	539
Bank and statutory reporting	828 7	2,639 0	2,183 1	989 5	6,640 3	2,656,230	400
Banking book	4,901 9	14,068 0	14,605 5	6,493 6	40,069 0	15,592,148	389
Creditors	921 2	3,744 7	4,926 7	3,060 5	12,653 1	4,215,321	333
Debtors	69 5	80 3	37 2	141 1	328 1	120,110	366
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	0 0	1,546 3	765,478	495
Employee matters	1,130 5	899 5	706 4	274 7	3,011 1	1,381,445	459
Help desk	0 0	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 0	0 0	0 0	104 0	55,960	538
IT Wind Down Project	28 1	1,682 0	518 6	32 0	2,260 7	1,095,324	485
KSF Capital Markets	773 3	73 6	324 2	0 7	1,171 8	682,157	582
Legal issues	1,476 2	1,609 1	507 8	228 6	3,821 7	2,081,442	545
Members	0 0	1 7	0 0	0 0	1 7	669	394
Non-Edge IT support	0 0	192 1	3 0	0 0	195 1	79,896	410
Other assets	1,054 1	1,671 1	667 6	857 5	4,250 3	1,895,645	446
Property	1,273 3	6,762 2	8,850 6	1,893 3	18,779 4	7,248,127	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	0 0	7 9	6 8	0 0	14 7	5,243	357
Sale process	623 0	1,480 4	1,362 0	303 2	3,768 6	1,643,201	436
Statutory duties	181 5	427 1	406 1	44 7	1,059 4	481,187	454
Trading	590 9	1,640 8	1,759 4	1,653 8	5,644 9	1,774,475	314
VAT and taxation	2,457 6	5,452 7	2,955 7	1,274 3	12,140 3	7,116,912	586
Total	21,604 5	57,346 8	57,526 5	37,213 3	173,691	66,504,225	383
Total time costs (£)	15,295,634	28,228,067	16,339,683	6,640,843	66,348,521		
Avg hourly rate (£)	708	492	284	178	382		

Summary of Administrators' time costs for the six month period 8 October 2014 to 7 October 2015

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	20.4	223.4	187.6	274.9	706.3	279,013	395
Asset Finance	0.0	1.8	0.0	0.0	1.8	1,137	632
Bank and statutory reporting	22.1	113.4	4.1	0.0	139.6	86,800	622
Banking book	85.5	402.0	209.3	50.1	746.9	417,522	559
Creditors	13.4	29.3	40.4	1.5	84.6	46,722	552
Debtors	0.0	2.6	0.0	0.5	3.1	1,794	579
Employee matters	0.2	5.0	1.8	0.0	7.0	4,207	601
IT Wind Down Project	0.2	3.3	0.0	0.0	3.5	2,502	715
Legal issues	50.7	28.7	0.5	0.0	79.9	66,902	837
Other assets	81.3	61.4	3.4	14.2	160.3	122,260	763
Property	0.0	0.1	0.0	0.0	0.1	73	730
Public relations	0.0	0.8	0.0	0.0	0.8	476	594
Statutory duties	0.0	43.7	78.0	0.0	121.7	55,873	459
VAT and taxation	45.5	95.0	35.6	55.2	231.3	155,706	673
Total	319.3	1,010.5	560.7	396.4	2,286.9	1,240,984	543
Total time costs (£)	301,815	663,784	192,268	83,117	1,240,984		
Avg hourly rate (£)	945	657	343	210	475		

Time costs of £1,240,984 have been incurred in the six months to 7 October 2015, representing total hours of 2,287 at an average hourly rate of £543. The Administrators' cumulative time costs incurred from date of appointment to 7 October 2015 are c. £66.5m 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.