

## Forestlands (No.10) Limited (In Liquidation) ('the Company')

Company No. 1779859

3 April 2020 | 01135

### 1 Introduction

Neale Jackson and Grant Robert Graham ('Liquidators'), Accredited Insolvency Practitioners, were appointed Joint and Several Liquidators of the Company by order of the High Court, Nelson on 6 September 2018 pursuant to Section 241(2)(c) of the Companies Act 1993 ('the Act') on the application of the Financial Markets Authority ('FMA'). The Liquidators are also the liquidators of other related companies in the Forestlands group.

We understand that prior to liquidation a solvency certificate was signed by the Company's director. We have not seen this but on the face of the draft financial statements the Company appears to be solvent.

This is the Liquidators' fourth report. It covers the period 6 September 2019 to 5 March 2020 ('the Period').

The Liquidators' other reports, and other information relevant to the liquidations of the Forestlands Group companies, can be found on the KordaMentha website: <https://www.kordamentha.com/creditors/forestlands-2-20>

### 2 Restrictions

This report has been prepared by us in accordance with and solely for the purposes of Section 255(2) of the Companies Act 1993.

In compiling this report, we have relied on the accuracy of all relevant information provided by the Company. We have not independently audited or verified that information and express no opinion on its accuracy, completeness or reliability.

We do not accept any liability whatsoever from this report.

All information contained in this report is for the confidential use of the parties to which it is provided in accordance with Section 255(2) of the Companies Act 1993 and is not to be disseminated or passed to any other person without prior written authority or in accordance with law.

We reserve the right (but will be under no obligation) to review this report and if we consider it necessary to revise the report in light of any information existing at the date of this report which becomes known to us after that date.

All references to \$ are in NZD.

### 3 Background

This report should be read in conjunction with other Liquidators' reports which can be viewed on the New Zealand Companies Office website at [companies-register.companiesoffice.govt.nz/](http://companies-register.companiesoffice.govt.nz/).

Background to the Liquidators' appointment and the actions taken since appointment are detailed in the Liquidators' previous reports.



## 4 Shareholder confirmation process

As creditors are aware the share registers provided to the Liquidators on our appointment were largely out of date and did not contain sufficient information for us to be able to pay a distribution to shareholders. In order to distribute funds to shareholders, we were required to establish an accurate register of the shares held and other details relevant to claims against the Company.

A summary of the actions undertaken to establish an accurate register are detailed in the Liquidators' previous reports.

As at the end of the Period, the status of the confirmation process for this Company is as follows:

	% of shareholders	% of shares
Confirmation process completed	95	96
Missing information	5	4

The confirmation process has been time consuming. We appreciate the patience shown by shareholders as we work toward paying all eligible shareholders their share of the funds available in the liquidation.

### *Shareholders: Missing information*

As noted above, there are still shareholders who have not completed the process. These shareholders have either not provided us with the correct documentation, or we do not hold current contact information for them.

During the Period, we have taken several actions to reduce the number of incomplete shareholders, which included:

- following up directly with those shareholders where we have part completed forms;
- writing to those shareholders where we have contact information but they have not yet responded; and
- advertising in six local newspapers inviting those shareholders to contact us who have not already done so by 31 March 2020.

A significant amount of work has been undertaken to locate potential shareholders or progress them through the confirmation process. We are mindful of the likely ongoing costs in continuing to locate and chase shareholders for documentation. Accordingly, from 1 April 2020 we will no longer proactively locate or follow up incomplete shareholder information. We will continue to process shareholder information that is forwarded to us.

We believe that the above approach is in the best interests of the shareholder group as a whole and will ensure that we do not incur unnecessary costs.

Any unclaimed shareholder funds that remain at the end of the liquidation will be paid to Unclaimed Monies/Inland Revenue Department, in accordance with the Unclaimed Money Act 1971, shortly before the Liquidators retire.

## 5 First interim distribution

In the first interim distribution for F10 eligible shareholders have been paid \$950 per share. The steps taken in order to facilitate this distribution to eligible shareholders are summarised in the Liquidators' report dated 3 April 2019.

As at the end of the Period, the status of interim distribution payments to the Company's shareholders are:

Total number of shares	1,369
Total shares paid 1 <sup>st</sup> distribution	1,309
Total % paid	96%
Total \$ distributed	1,257,617

We are paying bi-monthly catch-up distributions to shareholders as they complete the confirmation process.

Residual funds are held on trust pending the outcome of the shareholder confirmation process.



## 6 Asset realisations

As advised previously, we have negotiated a settlement with Rowan Kearns and Associated Parties. The terms of the settlement are confidential, subject to certain specified exclusions.

The settlement amount will be disclosed in the statement of receipts and payments issued to shareholders in our future statutory reports that cover the period in which the funds are received (in accordance with the requirements of the Companies Act).

We agreed the settlement because it is in the best interests of F2-20 and their shareholders. It provides certainty on the outcome. It avoids the inherent uncertainty and cost that would be associated with pursuing claims through the Courts. It will also deliver a quicker return to shareholders than would be achieved if the claims were pursued in Court.

In the event the settlement terms are not complied with, we will need to reconsider our options to recover funds for shareholders.

We continue to monitor the position and will provide an update to creditors when it is appropriate to do so.

## 7 Future distributions

The ability of the Liquidators to distribute a further material distribution to shareholders is reliant on:

1. Realising the remaining assets discussed above; and/or
2. The current financial position of the Company.

Based on the Company's current financial position, the Liquidators have asked the Court to permit us to pay a further interim distribution to shareholders. Given the current situation in New Zealand as a result of the Covid-19 mandatory Government lockdown, we are unable to confirm when we will receive direction from the Court. We filed the application before the lockdown was announced but the Courts have since restricted their operations. This is in accordance with Section 284 of the Companies Act 1993, seeking Court directions.

If the application is granted, the Liquidators will be in a position to declare a second interim distribution to shareholders of \$95. The timing of this second interim distribution will be dependent on the Liquidators obtaining approval from the Court and the resultant process to distribute the funds.

Once the remaining assets are realised, please note that any future distributions will only be completed if there are sufficient funds and it is cost effective to do so.

## 8 Pre-liquidation tax returns

As advised in the Liquidators' previous reports, the Court ordered circa \$1.6m to be paid to the IRD, from the balance of the proceeds from the sales of the forests, for Income Tax due by certain Forestlands Group companies.

These monies were paid to Tax Management New Zealand ('TMNZ') to hold pending the submission of the pre-liquidation tax returns. The returns were submitted in August 2019.

During the Period, the related income tax returns were processed by the IRD and we instructed TMNZ to release the monies to the IRD in settlement of the Forestland Group companies' tax liabilities.

Any surplus funds will be returned to the Forestland Group companies and will be disclosed in the statement of receipts and payments in our future statutory reports that cover the period in which the funds are received.

## 9 Creditor claims

All known unsecured creditor claims have been reviewed, admitted and paid by the Liquidators. Further information is available in the Liquidators' previous reports.



## 10 Statement of receipts and payments

A statement of receipts and payments for the Period is attached to this report.

## 11 Summary and estimated date of completion of liquidation

The Liquidators are unable to confirm an estimated date when the liquidation will be completed. As detailed above there are a number of milestones to be achieved before the Liquidators will be in a position to retire.

Should you have any queries regarding the liquidation of the Company, please do not hesitate to contact Joseph Zwaans of this office.

Yours faithfully



Neale Jackson  
Joint Liquidator



## Statement of receipts and payments

### Forestlands (No.10) Limited (In Liquidation)

Statement of Liquidators' receipts and payments from 6 September 2019 to 5 March 2020

	\$
<b>Opening balance</b>	<b>1,032,686</b>
<b>Receipts</b>	
Interest received	2,035
Income tax refund	17,670
<b>Total receipts</b>	<b>19,704</b>
<b>Payments</b>	
Accountancy fees	340
Bank charges	12
Filing fees	500
Legal costs	516
Liquidators' remuneration	9,091
RWT	671
Storage	59
Sundry payments	475
Investors distributions	49,780
<b>Total payments</b>	<b>61,444</b>
<b>Net cashflow</b>	<b>(41,740)</b>
<b>Closing balance</b>	<b>990,947</b>

<b>Comprises of:</b>	<b>\$</b>
Bank balance	989,790
GST (payable)/receivable	1,157
<b>Closing balance</b>	<b>990,947</b>



## Liquidators' remuneration report

	Hourly rate	General Admin		Shareholders		Creditors		Investigations		Reports		Tax/IRD related		Total	
		Hours	Charge	Hours	Charge	Hours	Charge	Hours	Charge	Hours	Charge	Hours	Charge	Hours	Charge
Partner	\$ 550	0.1	36	0.5	299	-	-	0.3	151	0.2	94	0.01	6	1.1	587
Executive Director, Director, Associate Director	\$ 485	0.4	192.8	1.0	506.4	0.05	23.1	0.2	80.8	0.2	78	0.5	234	2.3	1,116
Manager	\$ 385	0.9	345.2	2.6	983.5	-	-	0.03	9.8	3.3	1,257	0.7	273	7.4	2,868
Executive Analyst	\$ 315	0.5	150	0.2	50	-	-	-	-	-	-	-	-	0.6	200
Business Analyst	\$ 190	4.8	918	4.1	771	-	-	-	-	2.6	500	0.9	164	12.4	2,353
Support staff	\$ 90	5.7	515	16.0	1,445	-	-	-	-	-	-	0.1	9	21.9	1,968
<b>Total</b>		<b>12.4</b>	<b>2,156.6</b>	<b>24.4</b>	<b>4,054.2</b>	<b>0.05</b>	<b>23.1</b>	<b>0.5</b>	<b>242.0</b>	<b>6.2</b>	<b>1,928.6</b>	<b>2.2</b>	<b>686.2</b>	<b>45.7</b>	<b>9,091</b>

Disbursements: Disclosed in the Statement of receipts and payments account	Cost
Legal costs	516
Record storage	59
<b>Total</b>	<b>575</b>



## Glossary

Term	Definition
<b>Associated parties</b>	Forestlands N.Z. Limited and other entities associated with Mr Kearns
<b>B shareholders</b>	Investors who subscribed to the forestry shares with rights and restrictions attached to each share pursuant to the terms of the prospectuses issued by each of the Forestlands companies 2-20 below.
<b>Company</b>	Forestlands (No.10) Limited (In Liquidation)
<b>F10</b>	Forestlands (No.10) Limited (In Liquidation)
<b>F2-20</b>	Forestlands (No.2) Limited, Forestlands (No.3) Limited, Forestlands (No.4) Limited, Forestlands (No.5) Limited, Forestlands (No.6) Limited, Forestlands (No.7) Limited, Forestlands (No.8) Limited, Forestlands (No.9) Limited, Forestlands (No.10) Limited, Forestlands (No.11) Limited, Forestlands (No.12) Limited, Forestlands (No.14) Limited, Forestlands (No.15) Limited, Forestlands (No.16) Limited, Forestlands (No.17) Limited, Forestlands (No.18) Limited, Forestlands (No.19) Limited, Forestlands (No.20) Limited.
<b>Forestlands Group companies or Forestlands Group</b>	Forestlands companies F2-20 above
<b>FNZ</b>	Forestlands N.Z. Limited

