

FE Investments Limited (In Receivership and in Liquidation)

Company No. 1353487

1 June 2023 | 30666

1. Introduction

On 1 April 2020, licensed insolvency practitioners Neale Jackson and Brendon James Gibson of Calibre Partners were appointed Joint Receivers and Managers ('the Receivers') of all of the assets and undertaking of FE Investments Limited ('FEI' or 'the Company') pursuant to a Trust Deed dated 8 August 2003 (as amended from time to time) and a security interest registered in accordance with the Personal Property Securities Register Act 1999 on 9 October 2003, granted in favour of Trustees Executors Limited ('TEL').

This is the Receivers' seventh statutory report and covers the period 1 October 2022 to 31 March 2023 ('the Period').

2. Restrictions

This report has been prepared by us in accordance with and solely for the purposes of Section 24 of the Receiverships 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 arising 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 Sections 26 and 27 of the Receiverships 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.

3. Background

This report should be read in conjunction with the Receivers' previous reports which can be viewed on the New Zealand Companies Office website.

As advised previously, prior to the appointment of the Receivers, FEI had been working to recapitalise the Company. It was unable to recapitalise, and defaults occurred under the terms of the trust deed dated 8 August 2003 (as amended from time to time). As a result, TEL appointed the Receivers.

The amount owed to deposit holders as at the date of receivership totalled \$54.6 million. As a consequence of the receivership, all payments of principal and interest to deposit holders were suspended.



4. Asset position

4.1 Asset realisations

The asset position as at the date of the Receivers' appointment was summarised in an earlier report.

During the Period, the Receivers have realised the following:

	\$000
Finance lease income	148
Other loan income	60
Total	208

Finance leases

We have realised approximately \$148,000 from managing the finance lease book during the Period.

We will continue to manage the remaining loan book for the benefit of depositors.

Other loans

During the Period, we collected approximately \$60,000 from borrowers. As advised previously a significant number of these loans were in dispute at the date of the Receivers' appointment. Since appointment, we have resolved several of these loans and paid distributions to depositors when it was cost effective to do so.

4.2 Funds currently held on Trust

As per our last report, we held approximately \$1.04million the Receivers' trust account which are the residual proceeds under the Anzac loans. Outside of the Period, we finalised the dispute with the third parties who claimed an interest in the proceeds.

In April 2023, we distributed on a pro-rata basis \$0.43 million to the third parties and \$0.61 million to FEI. FEI's share of the proceeds was released to our 'general current account' and will be available for the next distribution to deposit holder.

This resolves all disputes to funds held in the receivership. There are no further funds held on trust.

5. Investigations into the affairs of FEI

We are required by law to bring to the attention of the Financial Market Authority ('FMA') and the Registrar of Companies ('Registrar') any matters which we consider may be a breach of directors' duties or breaches of relevant statutory or regulatory obligations. Whilst the contents of our correspondence and any subsequent discussions with the FMA or Registrar are confidential, we can confirm that we have submitted reports to both parties.

We are unable to confirm what actions the FMA or the Registrar may take. We will provide further information in our reports/updates once the FMA or Registrar make such information publicly available.

In addition, the Liquidator of FEI continues with his own separate investigations into the Company. With the approval of the statutory supervisor, we have provided funding to the liquidator for a thorough investigation of the events leading up to the Company's insolvency. Those investigations are ongoing.



6. Depositors

At the date of receivership there were 1,234 individual deposits totalling \$54.6 million. Interest continues to accrue on this balance in accordance with each deposit certificate.

Since our appointment we have paid six interim distributions to depositors, totalling \$13.78 million:

- 30 October 2020: \$2.53 million paid to depositors who had completed the depositor confirmation process before 27 October 2020. Depositors received a distribution of 4.5% of the value of their deposit as at 30 October 2020. This is the equivalent of 4.64% of the amount owed at the date of receivership;
- 23 December 2020: \$2 million paid to depositors who had completed the depositor confirmation process before 3 December 2020. Depositors received 3.7% of the value of their deposit as at 23 December 2020. This is the equivalent of 3.66% of the amount owed at the date of receivership.
- 31 March 2021: \$3 million paid to depositors who had completed the confirmation process. Depositors received 5.67% of the value of their deposit as at 31 March 2021. This is the equivalent of 5.49% of the amount owed at the date of receivership.
- 30 July 2021: \$2.5 million paid to depositors who had completed the confirmation process. Depositors received 4.92% of the value of their deposit as at 30 July 2021. This is the equivalent of 4.58% of the amount owed at the date of receivership.
- 11 February 2022: \$2.5 million paid to depositors who had completed the confirmation process. Depositors received 5.03% of the value of their deposit as at 11 February 2022. This is the equivalent of 4.58% of the amount owed at the date of receivership.
- 27 July 2022: \$1.25 million paid to depositors who had completed the confirmation process. Depositors received 2.58% of the value of their deposit as at 27 July 2022. This is the equivalent of 2.29% of the amount owed at the date of receivership.
- 23 December 2022: \$0.8 million paid to depositors who had completed the confirmation process. Depositors received 1.66% of their deposit as at 23 December 2022. This is the equivalent of 1.47% of the amount owed at the date of receivership.

To date depositors have received total distributions of approximately 26.71% of the amount due at the date of receivership.

Catchup distributions will be paid at the end of each month to those depositors that complete the depositor confirmation process.

The Receivers are currently assessing whether they can pay a further distribution to depositors from the funds available. The Receivers will notify depositors prior to the payment of any further distributions.

7. Creditors

7.1 Preferential creditors

Employees have received their full preferential claim amounts and no preferential amounts remain owing to them.

The IRD's claim in the receivership was \$316,442. This amount has been paid in full.

7.2 PMSI Creditors

Our search of the Personal Property Securities Register shows several parties had registered financing statements against the Company. The registrations were summarised in the schedule attached to the Receivers' first report. We have assessed secured interests and confirmed those with a perfected security interest.



7.3 Unsecured Creditors

To date, we have received \$96,297 in unsecured creditor claims.

On 24 July 2020, FEI was put into liquidation by special resolution of the shareholders pursuant to section 241(2)(a) of the Companies Act 1993. Rhys Cain of the firm EY is the liquidator of FEI. Unsecured creditors should contact the liquidator with any claims or queries.

Should you have any queries regarding this report, please do not hesitate to email fei@calibrepartners.co.nz.

Yours faithfully



Neale Jackson
Joint Receiver



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Statement of Receivers' receipts and payments for the period 1 October 2022 to 31 March 2023

\$

Opening balance	2,119,430
Receipts	
Finance lease income	147,955
Interest received	9,424
Other loan income	59,559
Total receipts	216,937
Payments	
Administration charges	3,315
Insurance	19,825
Investors distributions	796,992
Legal costs	2,973
Liquidation funding	138,488
Loan related costs - legal fees	
Property loans	37,062
Other loans	18,234
Receivers' remuneration	
Asset Realisation	67,995
Depositor	10,428
General administration	6,443
Operations: Employee, trading, banking, and accounting	20,729
Statutory and reporting	4,961
Property costs	10,350
Staff wages	14,627
Software/ IT related costs	41,252
Sundry payments	2,107
Trustee fees	15,000
Total payments	1,210,740
Net cashflow	(993,803)
Closing balance	1,125,628

Comprises of:

Bank balance	1,147,710
GST receivable / (payable)	(22,082)
Closing balance	1,125,628