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## FE Investments Limited (In Receivership and in Liquidation)

Company No. 1353487

26 May 2022 | 30666

### 1. Introduction

On 1 April 2020, licenced 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' fifth statutory report and covers the period 1 October 2021 to 31 March 2022 ('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.



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## 4. Commentary

### 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:

	\$m
Finance lease income	0.55
Other loan income	2.57
Other realisations	0.02
<b>Total</b>	<b>3.13</b>

#### Finance leases

The Receivers have realised \$0.55 million from managing the finance lease book during the Period.

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

#### Other loans

During the Period, we collected \$2.57 million 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.

During the Period we resolved several lengthy disputes, resulting in the Company realising \$2.15 million (included in the total realisations balance above).

The majority of the remaining realisations (\$0.36 million) arise from small business loans, working capital loans or monthly repayments from loans assigned to FEI.

### 4.2 Funds currently held on Trust

As noted in our previous report, \$2.09 million had been held in our solicitor's Trust account following settlement of a property sale, which was subject to a dispute. During the Period, this dispute was resolved with differing amounts being paid to the parties involved in the dispute. The Company received \$1.4 million which is included in the total realisations figure above.

In the Period, we distributed \$0.84 million to third parties who claimed an interest in the proceeds from the settlement of the Anzac and BL Holdings/Alberton loans. We continue to hold \$1.55 million in the Receivers' trust account which are the residual proceeds under these property loans. Entitlements to those proceeds remain subject to dispute.

These funds are held on trust pending resolution of these claims/disputes.

	\$m
Property Loan: Anzac	1.04
Property Loan: BL Holdings/Alberton	0.51
<b>Total</b>	<b>1.55</b>



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## 5. 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 five interim distributions to depositors, totalling \$10.03 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.

To date depositors have received total distributions of approximately 23.0% 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.

## 6. Creditors

### 6.1 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.

### 6.2 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.

### 6.3 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.



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Should you have any queries regarding this report, please do not hesitate to email [fei@calibrepartners.co.nz](mailto:fei@calibrepartners.co.nz).

Yours faithfully



Neale Jackson  
Joint Receiver



## FE Investments Limited (In Receivership and in Liquidation)

Statement of Receivers' receipts and payments for the period 1 October 2021 to 31 March 2022

	\$
Opening balance	2,389,036
<b>Receipts</b>	
Recoveries released from Trust account	837,725
Finance lease income	554,059
Interest received	5,069
Other income	1,023
Other loan income	2,700,186
Sale of assets	13,850
<b>Total receipts</b>	<b>4,111,912</b>
<b>Payments</b>	
Administration charges	3,808
Co-investor distribution (from Recoveries released from Trust account)	837,725
Commission	2,078
Refunds	6,639
Debt collection costs	5,453
Investor distributions	2,569,256
Legal costs	8,081
Liquidator's funding	184,562
<b>Loan related costs - legal fees</b>	
Other loans	28,118
Property loans	33,148
Rates – Council	4,087
<b>Receivers' remuneration</b>	
Asset Realisation	47,397
Depositor	13,749
General administration	7,271
Investigation	7,153
Operations: Employee, trading, banking and accounting	30,446
Statutory and reporting	20,914
RWT	1,483
Software/IT related costs	40,891
Staff costs	26,641
Sundry costs	3,927
Trustee fees	30,475
<b>Total payments</b>	<b>3,913,300</b>
<b>Net cashflow</b>	<b>198,611</b>
<b>Closing balance</b>	<b>2,587,647</b>

### Comprises of:

Bank balance	2,720,074
GST & PAYE (payable)/receivable	(132,427)
<b>Closing Balance</b>	<b>2,587,647</b>
<b>Funds held on Trust*</b>	<b>1,589,109</b>

\* These funds are held on trust as external parties may have a claim on the proceeds.