
FE Investments Limited (In Receivership and in Liquidation)

Company No. 1353487

1 June 2021 | 30666

1. Introduction

On 1 April 2020, 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' third statutory report and covers the period 1 October 2020 to 31 March 2021 ('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 previous Receivers' report 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 \$54.6million. As a consequence of the receivership, all payments of principal and interest to deposit holders were suspended.



4. Commentary

4.1 Asset realisations

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

During the Period, the Receivers have realised the following:

	\$m
Finance lease income	2.01
Other loan income	4.51
Other realisations	0.63
Total	7.15

Finance leases

The Receivers have realised \$2.01 million from managing the finance lease book during the Period.

In February 2021, the Receivers sold certain loans that were assigned to FEI. The total amount received is included in the 'Other realisations' figure in the table above.

We continue to engage with interested parties in respect of the remaining finance leases and loans. If the book can be sold for an appropriate value, returns to deposit holders will be accelerated compared with the position if the loans are collected to their maturity.

Other loans

As advised previously a significant number of these loans are currently in dispute. During the Period, we have collected \$4.51 million from borrowers. The majority of the realisations arise from small business loans, working capital loans or monthly repayments from loans assigned to FEI.

Further details about the loans and realisations will be disclosed in the future when it is appropriate to do so.

4.2 Funds currently held in the Receivers' trust account

As advised previously, there is currently \$2.56 million sitting in the Receivers' trust account, which is the proceeds from property loans which are subject to potential claims from third parties. These funds are held in the Receivers' trust account pending resolution of these claims.

FEI's share of the proceeds will be disclosed in the Receivers' next report.

	\$m
Property Loan: Anzac	1.64
Property Loan: BL Holdings/Alberton	0.92
Total	2.56

4.3 Realisations secured but not yet finalised

In November 2020, the Receivers agreed the settlement of a property sale worth approximately \$4 million. Net proceeds of \$2 million (following repayment of the first mortgagee) is subject to a priority dispute. The Receivers hope to finalise this dispute within the next few months. FEI's share of the proceeds will be disclosed in the Receivers' next report.



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.

On 30 June 2020, we wrote to all depositors asking them to confirm the details of their deposits held with FEI. The purpose of the confirmation exercise was to ensure that we held correct and up to date information on depositors.

Since our appointment we have:

- Declared and paid a first interim distribution, on 30 October 2020, of \$2.53 million 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;
- Declared and paid a second interim distribution of \$2 million to depositors who had completed the depositor confirmation process before 3 December 2020. The distribution was paid on 23 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.
- Declared and paid a third interim distribution of \$3 million to depositors. This distribution was paid on 31 March 2021. 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.

To date depositors have received total distributions of 13.8% 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

During the Period, the Receivers have paid \$32,587 in respect of employees' preferential entitlements. There remains a preferential employee claim balance of \$16,376 in respect of those employees still employed by the Company.

The IRD have submitted a preferential claim for outstanding GST and RWT at the date of receivership totalling \$315,237. We are currently reviewing this claim.

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.



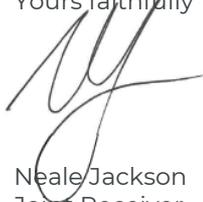
6.3 Unsecured Creditors

To date, we have received \$96,297 of 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. Rees Logan and Rhys Cain of the firm EY were appointed joint and several liquidators 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 receipts and payments for the period 1 October 2020 to 31 March 2021

	\$
Opening balance	5,370,535
Receipts	
Finance lease income	2,011,297
Other loan income	4,508,823
Other realisations	625,889
Total receipts	7,148,629
Payments	
Administration charges	20,302
Advertising	250
Bank charges	5,405
Couriers	3,026
Employee preferential entitlements paid	2,344
GST paid	92,224
Investor distributions	7,373,585
Legal fees	95,882
Loan advances	179,387
Loan related costs - legal fees	
Business loans	106,022
Intercompany	31,082
Other loans	320,868
Property loans	240,751
Property costs	51,280
Receivers' remuneration	
Asset Realisation	357,650
Depositor	63,671
General administration	74,260
Investigation	22,506
Operations: Employee, trading, banking and accounting	98,207
Statutory and reporting	29,310
Strategy	27,679
Printing and stationary	1,339
Software/IT related costs	68,788
Staff costs	174,781
Trustee fees	35,445
Other costs	8,799
Total payments	9,484,842
Net cashflow	(2,336,213)
Closing balance	3,034,323

Comprises of:

Bank balance	3,149,561
GST (payable)/receivable	(114,911)
PAYE	(327)
Closing Balance	3,034,323
Funds held on Trust	2,561,325