

FE Investments Limited (in Receivership) ('the Company')

Company No. 1353487

29 May 2020 | 30666

1 Introduction

On 1 April 2020, Neale Jackson and Brendon James Gibson of KordaMentha were appointed Joint Receivers and Managers 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' first statutory report setting out the state of affairs with respect to the property in receivership.

2 Restrictions

This report has been prepared by us in accordance with and solely for the purposes of Section 23 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 Commentary

FEI was incorporated on 21 July 2003 and traded as a non-bank deposit taking finance company providing commercial loans and finance leases.

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, the Supervisor (Trustees Executors Limited) appointed the Receivers.

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

The Directors have provided information when requested.

3.1 Assets

The Company's balance sheet recorded the following assets at 31 March 2020:

Book Value	\$m
Fixed assets	0.7
Intangible assets	1.4
Cash and cash equivalents	6.2
Total loan book	64.8
	73.1

This information has been taken from the Company records and has not been audited or verified by the Receivers.



We are currently reviewing the realisable value of the Company's assets, including the loan book. The book values shown in the table above do not represent the amount that will be recovered from the assets. We expect recoveries will be lower than book value. Further details about the loans and realisations will be disclosed in future reports when it is appropriate to do so.

3.2 Creditors

The following was owed to creditors as at the date of our appointment, according to the Company's records:

Creditors as at date of appointment	\$000
Secured creditor*	54,608
Preferential creditors - IRD	TBC
Preferential creditors - Employees	49
Trade creditors	309
	TBC

*The secured creditor has a claim to the value of First Ranking Deposits at the date of receivership.

We have not yet been able to assess the amount that will be repaid to Secured creditors.

3.2.1 PMSI Creditors

Our search of the Personal Property Securities Register ('PPSR') shows a number of parties had registered financing statements against the Company. The registrations are summarised in the schedule attached to this report. We have assessed secured interests and confirmed those with a perfected security interest.

3.2.2 Preferential Creditors

At the date of receivership, the Company employed 14 full time New Zealand based staff.

Employee preferential claims total \$48,963. To date, the Receivers have paid \$28,429 to those employees whose employment with the Company has ended. There remains a preferential employee claim balance of \$20,534 in respect of those employees still employed by the Company.

We await the Inland Revenue Department finalising its preferential claim (if any).

3.2.3 Unsecured Creditors

To date, we have received the following claims from unsecured creditors.

Unsecured creditors	\$000
Trade creditors	44
Employees	43
	87

The above figures are subject to change as we receive further claim forms. At this stage it is still unclear whether there will be funds available for distribution to unsecured creditors from the receivership.

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

Yours faithfully



Neale Jackson
Joint Receiver



PPSR Schedule

Secured Party	Address	Collateral Type	Date registered
Trustees Executors Limited	PO Box 3222 Wellington	All present and after acquired personal property	09-Oct-2003
CSG Finance (NZ Facility 2) Ltd, CSG Finance (NZ) Ltd and CSG Finance New Zealand Trust)	PO Box 68542 Wellesley Street Auckland 1141	Goods - Other	21-Dec-2015
Monument Finance Ltd	Private Bag 11007 Palmerston North	Intangibles	08-Aug-2016
Leasing & Finance Limited Partnership	PO Box 1061 Shortland Street Auckland 1140	Goods - Other	10-Aug-2016
Ricoh Finance a division of Ricoh New Zealand Ltd	PO Box 68024 Newton Auckland 1010	Goods - Other	14-Nov-2016
CSG Finance (NZ Facility 2) Ltd, CSG Finance (NZ) Ltd and CSG Finance New Zealand Trust)	PO Box 68542 Wellesley Street Auckland 1141	Goods - Other	10-Aug-2017
CSG Finance (NZ Facility 2) Ltd, CSG Finance (NZ) Ltd and CSG Finance New Zealand Trust)	PO Box 68542 Wellesley Street Auckland 1141	Goods - Other	10-Aug-2017
ASB Bank Ltd	PO Box 35 Lending Services 6035 Auckland	Intangibles	16-Nov-2018
ASB Bank Ltd	PO Box 35 Lending Services 6035 Auckland	Intangibles	25-Jan-2019
ASB Bank Ltd	PO Box 35 Lending Services 6035 Auckland	Intangibles	08-Jul-2019
MTL Ltd	PO Box 28079 Remuera Auckland 1050	Goods - Other	13-Feb-2020

