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

Company No. 1779859

1 April 2021 | 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 ('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' sixth report. It covers the period 6 September 2020 to 5 March 2021 ('the Period').

The Liquidators' other reports, and other information relevant to the liquidations of the Forestlands Group companies, can be found on the Calibre Partners website: <https://www.calibrepartners.co.nz/flx-creditor/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 <https://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

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	96	96
Missing information	4	4

We will no longer proactively locate or follow up incomplete shareholder information. We will continue to process shareholder information that is forwarded to us and make catch up payments for eligible shareholders.

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.

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.

5. Distributions to shareholders

During the period F10 eligible shareholders have been paid interim distributions totalling \$545. The total amount that has now been distributed is \$1,545.

Details of previous distributions and the steps taken to facilitate these distributions to eligible shareholders are summarised in our previous Liquidators' reports.

We continue to pay 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 agreed a settlement with Rowan Kearns and parties associated with him ('Associated Parties'). The terms of the settlement were confidential, subject to certain specified exclusions. The terms of the settlement agreement required Rowan Kearns and the Associated Parties to meet certain milestones by 30 September 2020. These have not been met.

Further detail on the settlement agreement and the security held over a property in Motueka ('the Property') was provided in the Liquidators' previous report.



Current position and next steps

On 2 October 2020, we formally served demand on Rowan Kearns and the Associated Parties, which required settlement of the agreed \$2.05 million (plus interest) within seven days ('the Debt'). No payment was received by the due date.

Following expiry of the demand, we sought to serve notice in accordance with Section 119 of the Property Law Act 2007 ('PLA Notice'). This must be served personally on the borrower and enables the mortgagee (once the notice has expired) to take steps to sell the property.

On 3 December 2020, the PLA Notice was served personally on Rowan Kearns and the Associated Parties (after service could not be effected on previous attempts that started on 23 October 2020). Due to recent changes in New Zealand law, the PLA Notice did not expire until mid-February 2021. As such, no steps could be taken toward sale until after this date.

Since expiry of the PLA Notice, we have been discussing appropriate next steps with the first mortgagee. The first mortgagee has a prior ranking right to repayment. We expect a sale campaign will commence shortly.

We withhold sums (that would have otherwise been available for distribution) to ensure that we are able to fund additional recovery actions to recover the Debt on behalf of shareholders. Accordingly, the cash balance shown in the attached receipts and payments account includes a provision for recovery actions. We will provide a further update on the sales process in the next Liquidators' report or publish a notice via our website should a sale be concluded, or the Debt settled sooner.

7. Action taken by the Financial Markets Authority ('FMA')

Since appointment, we have worked closely with the FMA and provided information as and when requested to assist with its investigations.

As advised previously, the case review hearing which was originally due to appear in the Nelson District Court on 13 January 2021 was adjourned until 31 March 2021. We understand that it has now been adjourned to 21 May 2021.

We are unable to provide any further information to shareholders regarding these charges or any further actions the FMA may take at this time.

Should the FMA provide us with additional information and confirm that we can disclose it to shareholders then this will be included in future reports. Otherwise, shareholders should monitor the FMA website for further updates in respect of FMA actions.

8. Future distributions

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

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

Please note that any future distributions will only be completed if there are sufficient funds, and it is cost effective to do so.



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. As per above, the remaining cash balance includes a provision to fund any additional recovery actions (if required) plus meet the ongoing costs of the liquidation.

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 several 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 2020 to 5 March 2021

	\$
Opening balance	911,844
Receipts	
Interest received	175
Income tax refund	5,640
Total receipts	5,815
Payments	
Bank charges	1,250
Investor distributions	672,679
Legal costs	1,418
Liquidators' remuneration	13,704
Postage	46
Printing & Stationery	30
RWT on dividends	49,842
Storage	55
Software/ IT-Related Costs	403
Sundry payments	599
Total payments	740,025
Net cashflow	-734,210
Closing balance	177,633

Comprises of:

Bank balance	175,539
GST	2,094
Closing Balance	177,633



Liquidators' remuneration report

Forestlands (No.10) Limited (In Liquidation)

Time based charging report

For the period 6 September 2020 to 5 March 2021

Time costs by position and work type

	Hourly rate	General Admin		Shareholders		Creditors		Investigations		Reports		FMA/SFO		Tax/IRD related		Total	
		Hours	Charge	Hours	Charge	Hours	Charge	Hours	Charge	Hours	Charge	Hours	Charge	Hours	Charge	Hours	Charge
Partner	\$ 550	1.0	539	0.1	56	-	-	-	-	-	-	-	-	-	-	1.1	596
Executive Director, Director, Associate Director	\$ 485	0.3	129	-	-	-	-	-	-	-	-	-	-	-	-	0.3	129
Manager	\$ 385	2.8	1,092	7.9	3,056	-	-	-	-	0.7	285	-	-	2.8	1,067	14.3	5,499
Executive Analyst	\$ 315	1.9	583	-	-	-	-	-	-	-	-	-	-	-	-	1.9	583
Business Analyst	\$ 190	6.4	1,216	11.9	2,254	-	-	-	-	0.3	48	-	-	8.8	1,672	27.3	5,190
Support staff	\$ 90	6.6	598	12.3	1,109	-	-	-	-	-	-	-	-	-	-	19.0	1,707
Total		19.0	4,157	32.2	6,475	-	-	-	-	1.0	333	-	-	11.6	2,739	63.8	13,704

Disbursements: Disclosed in the Statement of receipts and payments account	Cost
Legal costs	1,418
Bank charges	174
Printing, postage and IT services	1,078
Record storage	55
Total	2,724

Detail of work completed	
General Administration	General case administration including strategy meetings, attending to shareholder queries, distributions to shareholders and processing of day to day receipts and payments.
Shareholders	Matters related to the shareholder confirmation process.
Creditors	Dealings with unsecured creditors including adjudication and settlement of unsecured claims.
Investigation	Investigation into the conduct of Mr Kearns and Associated Parties and finalising the settlement agreement.
Reports	Compiling statutory reports to creditors and any other reporting requirements.
Tax/IRD related	Income Tax and GST related matters including liaison with advisors and the IRD.