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

Company No. 1779859

4 October 2022 | 01135

1. Introduction

Neale Jackson and Grant Robert Graham ('Liquidators'), Licensed 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 we believe the Company is solvent.

This is the Liquidators' ninth report. It covers the period 6 March 2022 to 5 September 2022 ('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.calibrep partners.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

A summary of the actions undertaken to establish an accurate share register are detailed in the Liquidators' previous reports.

The status of the shareholder confirmation process for this Company is as follows:

	% of shareholders	% of shares
Confirmation process completed	96	97
Missing information	4	3

As previously advised:

- We no longer proactively locate or follow up incomplete shareholder information. We do not believe there are further steps that it is practicable to take to locate shareholders who have not contacted us since the liquidation commenced.
- We will continue to process shareholder information that is forwarded to us and make catch up payments for eligible shareholders.
- The confirmation process has been time consuming. 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.

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, the Liquidators declared a fifth distribution of \$32 per share to shareholders.

The total amount that has been distributed to date in the liquidation to shareholders is \$1,577 per share.

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 catch-up distributions to shareholders as they complete the confirmation process.

We expect to pay a final distribution to shareholders towards the end of the liquidation – refer section 8 below.

6. Asset realisations

As shareholders are aware from our previous updates:

- Rowan Kearns and the Kearns Family Trust did not comply with the terms of the settlement agreement that required them to pay the Forestlands Group \$2.05 million.
- We subsequently served Property Law Act notices (in relation to a second-ranking mortgage obtained under the settlement terms) as the first step required in a process that could ultimately lead to a mortgagee sale of the Trust property ('the Property').
- A conditional agreement to sell the Property was in place but did not go unconditional in September 2021.
- Subsequently, the first mortgagee appointed receivers (Rees Logan and Diana Matchett of BDO) ('the Receivers') to the Kearns Family Trust assets – principally being the Property.



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- The Receivers appointed Bayleys Real Estate to market and sell the Property. The sale campaign concluded on 21 March 2022.
 - Unfortunately, the sale campaign did not result in a sale that was sufficient to repay the first mortgagee in full.
 - The first mortgagee did not recover what it was owed, and no surplus was available to the Forestlands Group.
 - As advised in our update to shareholders issued on 16 May 2022, we decided that it was not in shareholders' best interests to pursue this matter further. In making that decision, we considered:
 - **Known asset position:** We knew from detailed analysis that we undertook in the early stages of the liquidations that the Kearns Family Trust and other entities associated with Rowan Kearns had no other assets of material value.
 - **Costs to the liquidation:** Any costs of enforcement would be met from the remaining funds held in the estate. The costs would not necessarily be material to each company, as they would be shared across all 18 Forestlands entities, but they would reduce amounts available to shareholders.
 - **Time:** Should any steps of enforcement be contested, that would extend the liquidations. Based on experience this could extend the liquidations for (at a minimum) 6 - 12 months longer than would otherwise be the case.
 - **Likelihood of recovery:** As mentioned above, we are unaware of any significant assets that would be recovered to benefit shareholders. If Mr Kearns was declared bankrupt, then any assets recovered (if any) would be distributed between all creditors not just the Forestlands Group.

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.

We understand that the FMA continues to progress its action against Mr Kearns, however a trial date is yet to be set.

We are unable to provide any further information to shareholders regarding any further actions the FMA may take.

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

As noted above, a fifth distribution was paid to shareholders during the Period.

We expect to pay a final distribution to shareholders towards the end of the liquidation.

We expect this to be a small distribution, as it will be the residual funds remaining in the liquidations once all required steps have been completed to finalise the liquidations. This will include sums that we are required to set aside until completion of the liquidation (e.g. the reserve amounts for unidentified shareholders set aside pursuant to Court orders).

The amount available will vary from entity to entity.

We will only know the amount available for the final distribution once we have clarity on the final claims of all shareholders and the surpluses available.



Therefore, shareholders should not assume that all available funds shown in the attached receipts and payments account are available for distribution.

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.

11. Summary and estimated date of completion of liquidation

There are a number of steps we have to take to finalise the liquidations. We expect it to take at least six months to reach a position where we are able to retire as liquidators. The steps that need to be completed include:

- Dealing with any queries from the IRD in relation to the tax returns for FY22.
- Submitting final tax returns for FY23.
- Obtaining clearance from the Inland Revenue Department, which will only be given once all tax returns have been submitted.
- Applying to the Court for required approvals.
- Paying over any unclaimed distributions to Public Trust (in accordance with the Companies Act 1993).
- Paying final distributions to shareholders.
- Dealing with our final statutory requirements.

Should you have any queries regarding the liquidation of the Company, please do not hesitate to contact Matthew Gibson of this office.

Yours faithfully



Neale Jackson
Joint Liquidator



Statement of receipts and payments

Forestlands (No.10) Limited

Statement of Liquidators' receipts and payments from 6 March 2022 to 5 September 2022

	\$
Opening balance	160,232
Receipts	
Interest received	459
Total receipts	459
Payments	
Bank charges	772
Investor distributions	39,263
Liquidators' remuneration	7,902
Printing, postage and IT services	95
Storage	29
Total payments	48,061
Net cashflow	(47,602)
Closing balance	112,630

Comprises of:

Funds held on Trust for incomplete shareholders and retentions	80,455
Cheque account	30,971
GST	1,204
Closing balance	112,630



Liquidators' remuneration report

Forestlands (No.10) Limited

Time based charging report

For the period 6 March 2022 to 5 September 2022

Time costs by position and work type

	Hourly rate	General Admin		Shareholders		Reports		Tax/IRD related		Total	
		Hours	Charge	Hours	Charge	Hours	Charge	Hours	Charge	Hours	Charge
Partner	\$550	1.7	944	-	-	-	-	-	-	1.7	944
Executive Director, Director, Associate Director	\$485	0.2	73	-	-	-	-	-	-	0.2	73
Manager	\$435	4.1	1,786	1.8	791	1.6	717	0.3	142	7.9	3,437
Senior Business Analyst	\$250	2.3	563	0.9	233	-	-	0.3	63	3.4	858
Business Analyst	\$190	7.9	1,492	2.0	372	0.9	169	0.5	95	11.2	2,128
Support staff	\$90	1.6	144	2.1	192	1.4	126	-	-	5.1	462
Total		17.7	5,001	6.8	1,588	3.9	1,012	1.1	300	29.5	7,902

Disbursements: Disclosed in the Statement of receipts and payments account	Cost
Printing and postage	78
Record storage	29
IT services	17
Total	124

Detail of work completed	
General Administration	General case administration including strategy meetings, attending to shareholder queries, distributions to shareholders, processing of day to day receipts and payments and monitoring the asset realisations process.
Shareholders	Matters related to the shareholder confirmation process.
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.