

21 December 2018

Forestlands Shareholder Update

Provided below is a general update on progress in the Forestlands liquidations since our first update to shareholders in October.

Please note that our office is closed from 21 December 2018 to 14 January 2019. Emails will not be monitored in that time. When our office reopens in January, we will respond to emails in the order they were received.

Shareholder confirmation process

There are approximately 4,500 individual shareholders of the Forestlands companies. In order to distribute funds to shareholders, we need to establish an accurate register of the shares held and other relevant details.

The share registers we were provided with, on our appointment as liquidators, were largely incomplete or out of date. They had not been properly maintained for at least two years before we were appointed.

At the date of our appointment, we identified approx. 1,800 unprocessed emails from shareholders requesting updates to their details, all of which need to be updated and verified to enable us to distribute the funds available with complete confidence.

In October we requested the 4,500 shareholders across the Forestlands portfolio to confirm or update their details. To date, we have received the following responses from shareholders:

1. 35% of shareholders have completed the forms correctly and provided all the necessary support documentation.
2. 42% of shareholders will need to provide further information.
3. 23% of shareholders have not returned their forms. This also includes forms that have been returned because we do not have current contact details.

Of the responses received, 87% have resulted in us needing to make changes to the details contained in the shareholder register.

All shareholders are now being advised which of the above three categories they fall within. It would be helpful if shareholders respond promptly if they have been asked to provide further information.

The shareholder confirmation process needs to be completed so shareholders can receive their entitlements.

Treating all shareholders equitably

We have a duty to ensure that all shareholders are treated fairly and equitably. Our overarching duty is to ensure that all shareholders receive all funds to which they are legally entitled. This means we must receive the necessary confirmation forms from each individual shareholder.

However, we are mindful that the Forestlands shareholders had already been waiting a considerable time before the liquidation for funds to be paid. We are also mindful of the need to ensure that individual shareholders are not overly disadvantaged or delayed because of other shareholders not having completed their forms.

We believe we should be in a position to declare an interim distribution to shareholders in February 2019.

Funds available for shareholders

The report on each company that we issued in October set out each company's assets. In general, they are comprised of:

- Cash on hand: largely being the proceeds of the sale of the forests; and
- Money owed by parties related to Mr Kearns: we have been taking steps to recover this money.

Our ability to collect money from the related parties is a key driver of the total sums ultimately available to distribute to shareholders. This involves significant investigative work into the conduct of the director and into transactions that occurred prior to the companies entering liquidation. Legal action may be required. It is only once those assets have been realised that will we be able to confirm the total amount of funds available for distribution.

First interim payment to shareholders

In February 2019 we will advise shareholders of the amount that can be paid in a first, interim distribution from the assets that we hold at that point in time. We will also advise when the payment will be made.

The amount of the payment will be different for each company.

Shareholders who **have returned** correctly completed Shareholder Confirmation forms by 31 January 2019 will receive a payment in the first interim distribution.

Shareholders who **have not returned** correctly completed Shareholder Confirmation forms by 31 January 2019 will receive a payment when they have returned correctly completed shareholder confirmation forms. These shareholders will still receive the same amount as other shareholders but they will receive their payment at a later date.

Reporting to shareholders/creditors

As noted above, in February 2019 we will advise shareholders the amount they can be paid in a first interim distribution.

We are required to provide all known creditors/shareholders with a report, every six months, on the progress of the liquidation. Accordingly, our next formal report will be issued by 5 April 2019.