



To All Investors and Creditors

18 December 2017

***Subject: Ross Asset Management Limited (In Liquidation) - “the Company or RAM”***

***Distribution Application***

We write to advise that we have filed an application with the High Court seeking various directions relating to the proposed distribution from the funds received in the liquidation to RAM investors and creditors. We summarise the main orders sought under that application below.

- An order pooling the assets of RAM and Dagger Nominees Limited (In Liquidation) so that the assets of both companies are all available to pay investor and creditor claims.
- An order that there would be one common pool of assets from which both investors’ and other creditors’ claims would be paid.
- An order confirming how investors’ claims are to be calculated for distribution purposes. We have proposed two distribution models to the Court: the Net Contributions Model and the Alternative Model. The Court will decide which model is to be applied.
  - The key difference between the two distribution models is how pre-liquidation payments by RAM to an Investor are treated. The Alternative Distribution Model seeks to take these payments into account in determining the applicable distribution for an Investor to a greater extent than the Net Contributions Model.
  - The impact of each Model on some Investors is significant – particularly for Investors who received significant payments from RAM prior to its liquidation. By way of illustration, if the outcome of this Application is that the Court orders that the Alternative Distributions Model be applied, instead of the Net Contributions Model:
    - 387 Investors will be eligible for an increased distribution in the liquidation, compared with the Net Contributions Model.
    - However, 221 Investors who would receive a distribution under the Net Contributions Model will no longer be eligible for a distribution.
  - Under either Model, an Investor who had already received from RAM more than they had contributed (with both contributions and payments CPI adjusted), would not be eligible for a distribution.
- An order confirming that purported transfers of value between RAM portfolios are to be recognised for the purpose of a distribution, but limited to the available net contributions balance in the portfolio at the time of transfer.



- An order that Mr Paul Chisnall, a Wellington barrister, be appointed as Amicus curiae to assist the Court to ensure the Court receives independent submissions on the distribution models, and particularly the Alternative Distributions Model. This order was granted on 13 December 2017.
- Various ancillary orders to assist with both the progress of the Application before the Court and the distribution process.

Full details can be found in the application documents. A copy of the application can be located at our website along with a more detailed summary of the orders sought. This can be located at

<https://www.pwc.co.nz/services/business-recovery/liquidations/ross-group.html>

### ***Next Steps***

The Court will set a date for a hearing to consider the above application. The hearing is unlikely to be until the second quarter of 2018.

Mr Chisnall intends to consult with the Liquidation Committee before he is required to provide an updating memorandum to the Court by 23 February 2018. Any investor or creditor who wishes to express a view on the application can do so by making contact with a member of the Liquidation Committee so that their views can be passed on to Mr Chisnall. If an investor or creditor provides their view to the Liquidator, this will be passed to the Liquidation Committee.

Any investor or creditor who wishes to oppose the application or make submissions directly to the Court ought to seek independent legal advice. The same applies to any investor or creditor who considers they may wish to appeal the decision of the Court.

Once a decision has been made by the Court we will write to all investors confirming the decision of the Court and setting out their claim, based on that decision. Once claims have been approved an interim distribution can be made to investors.

In the interim, we confirm that actions to recover monies via clawback and the realisation of residual shares are ongoing. We will continue to report in the usual manner as to the progress of the Liquidation.

We appreciate your patience throughout this process.

Yours faithfully

A handwritten signature in black ink, appearing to be 'John Fisk', written in a cursive style.

John Fisk  
Liquidator