



Ross Asset Management Limited (In Liquidation) (“RAM”)
Bevis Marks Corporation Limited (In Liquidation)
McIntosh Asset Management Limited (In Liquidation)
Mercury Asset Management Limited (In Liquidation)
Dagger Nominees Limited (In Liquidation)
Ross Investment Management Limited (In Liquidation)
Ross Unit Trusts Management Limited (In Liquidation)
United Asset Management Limited (In Liquidation)
together “the Ross Group Companies” or “the Group Companies”

Outcome of Eleventh Liquidation Committee Meeting

The eleventh meeting of the Liquidation Committee (“the Committee”) was held on 3 October 2017 at PwC’s offices in Wellington. Seven committee members attended in person. This document is the Committee’s agreed communication to be sent to all creditors and investors following the meeting. It was agreed that future communications concerning the liquidation process will continue to be sent from the Liquidator on behalf of the Committee.

This report is subject to the restrictions set out at Appendix A.

Purpose of the Meeting

As noted in the report following the Tenth Liquidation Committee Meeting, the liquidators intend to seek directions from the Court in respect of the appropriate method of distributing the funds currently held by the liquidators. This meeting was called for the purpose of discussing the intended process of seeking directions, and the likely outcome for investors under various models of distribution. The normal updates were not provided for this meeting, and the only circulation in advance of the meeting was a Memorandum prepared by Bell Gully in relation to the proposed directions application.

Distribution

The committee discussed a summary of the impact of three distribution models which calculate each investor’s entitlement to a distribution. The three models discussed were:

1. An unadjusted Net Contributions model, where any investors who have withdrawn less than they contributed have a claim in the liquidation for the difference between their contributions and withdrawals.
2. An adjusted Net Contributions model, which is as above but where each transaction is adjusted for inflation based on CPI as at the date of liquidation, giving greater value to earlier investors due to the change in comparative purchasing power.
3. An Alternative model, which considers the investor’s total contributions to be the investor’s claim, and any withdrawals prior to liquidation would be considered to be distributions. Only those investors who have withdrawn less than their calculated entitlement, based on capital contributed, would receive a distribution from the liquidation.

The impact of the Alternative model (set out in 3 above) is that a smaller number of investors will be eligible for a distribution when compared with the other models, and the less an investor had withdrawn prior to liquidation, the greater their distribution would be.

The Liquidator has proposed that the adjusted Net Contributions model (set out in 2 above) would be advanced by the Liquidator's solicitor, as it best reflects current insolvency law. An independent solicitor would also be appointed as an Amicus Curiae ("amicus") to support and advise the Court in regard to the advantages and disadvantages of the above, or any other model which is advanced. The Committee would meet with the amicus to provide comment on behalf of the investors generally, however, the amicus would not strictly be an advocate for the Committee. Other investors would be able to appoint a solicitor to advance any other model for consideration by the Court, and while leave of the Court would be required for the solicitor to appear, this would not be opposed.

The consensus of the Committee was that the Liquidator should not directly advocate for a certain model, and should remain neutral on the matter. While the Liquidator still intends to advance the adjusted Net Contributions model, being the current position in New Zealand law, it will be advanced in a fair way acknowledging the benefits of the other model.

The Chairman requested that each committee member provide comments regarding the proposed process for the directions application. These were as follows:

- Five of the seven committee members approved of the inclusion of an amicus, with the remaining two members providing no comment on the amicus. One committee member suggested that the amicus should be free to determine what a fair distribution method would be, including options other than those raised by the Liquidator and the Committee.
- Three of the seven committee members supported the Alternative model, while three supported the adjusted Net Contributions model. One committee member provided no comment on their preferred model.

Further Communication

The Liquidator intends to file the distribution application within the next month, and currently forecasts the hearing would occur late 2017 or towards the start of 2018. Following the application for a hearing, the Liquidator will write to investors who may have a claim under one of the proposed models. The purpose of this correspondence will be to confirm components of the investors claim which will be relevant to the distribution models, and provide further information on the process.

It was confirmed that the court hearing would be a public hearing, and that submissions would be uploaded to PwC's website for investors to view once the application has been made.

If you have any other queries, please submit your enquiry through the on-line form via PwC's website, through the dedicated phone line (04) 462 7040 or by writing to our mailing address. The Liquidators will endeavour to respond to all enquiries as quickly as possible where appropriate. Please mark any queries for the Liquidation Committee so that these can be passed to them for consideration.

Dated: 27 October 2017

A handwritten signature in blue ink, appearing to read 'John Fisk', with a long horizontal stroke extending to the right.

John Fisk
Liquidator

Appendix A

Restrictions

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of the Group Companies. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

The statements and opinions expressed in this report are based on information available as at the date of the report.

We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report was not brought to our attention, or subsequently comes to light.

We have relied on forecasts and assumptions prepared by the Group Companies about future events which, by their nature, are not able to be independently verified. Inevitably, some assumptions may not materialise and unanticipated events and circumstances are likely to occur. Therefore, actual results in the future will vary from the forecasts upon which we have relied. These variations may be material.

In addition the following should be noted:

- Certain numbers included in tables throughout this report have been rounded and therefore do not add exactly.
- Unless otherwise stated all amounts are stated in New Zealand dollar