

2 April 2020

## Market Update

### **FE Investments Group Limited's (ASX: FEI) 100% owned New Zealand subsidiary, FE Investments Limited, placed into receivership forthwith by its trustee Trustees Executors Limited**

FE Investments Group Limited's (**FEI** or **Company**) wholly owned New Zealand subsidiary, FE Investments Limited (**FEIL**), has been engaging with its trustee, Trustees Executors Limited (**TEL**), for some weeks in relation to necessary adjustments to its provision for loan losses as it prepared its draft annual financial statements for the year ended 31 March 2020.

On 31 March 2020 FEIL advised the Reserve Bank of New Zealand and TEL that, as a result of making necessary provisions against its loan book, FEIL anticipated breaching its required 8% capital adequacy ratio (**CAR**). FEIL further advised that it expected to breach the CAR for a period of at least 23 days while a capital raise was attempted. Breach of the CAR constitutes an Event of Default under the relevant Trust Deed and regulation 8(2)(a) of the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

By letter dated 1 April 2020, TEL advised FEIL that it had formed an opinion on reasonable grounds: that the proposed capital raising had no reasonable prospects of success; that FEIL was not able to remedy the breach within the next 14 days; and, as a result, it intends immediately to exercise its powers of enforcement under the Trust Deed and will forthwith appoint a receiver to FEIL.

FEI is not affected by the receivership of FEIL. FEI expects to engage with the receiver – Neale Jackson and Brendon James Gibson of KordaMentha – and will provide further information as it becomes available in accordance with the Listing Rules.

Authorised by the Company's board

**Eryn Kestel**

**Company Secretary**

[eryn@kestelcorp8.com.au](mailto:eryn@kestelcorp8.com.au)

1800 458 717