

# Administrators' First Report on the State of Affairs of

Build Partners Limited (Administrators Appointed)

Company Number: 3035364

NZBN: 9429031451611

Evergreen Modular Limited (Administrators Appointed)

Company Number: 7070797

NZBN: 9429047070509

Richardson Road Limited (Administrators Appointed)

Company Number: 8257657

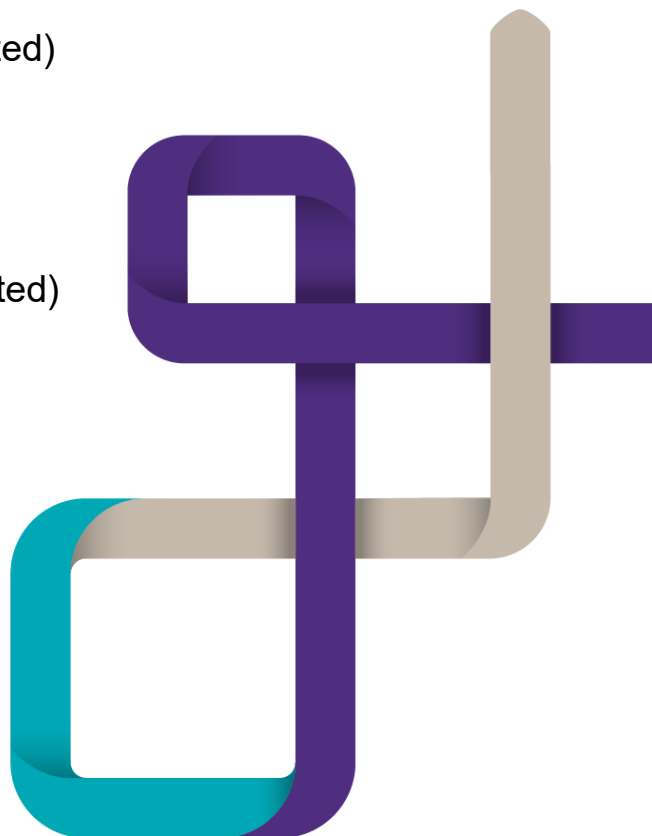
NZBN: 9429050044115

Property Partners Limited (Administrators Appointed)

Company Number: 2477231

NZBN: 9429031548397

6 May 2024



# Contents

Introduction	3
General Information	4
Company Creditors	9
Company Assets	11
Other Matters	13
First Meeting of Creditors	14
The Administration Process	15
Appendix 1 - DIRRI	16
Appendix 2 –Secured Creditors	20
Appendix 3 – Group Structure	24

# Introduction

Stephen Speers Keen (IP#159) and Malcolm Russell Moore (IP#42), both of Grant Thornton New Zealand Limited (**Grant Thornton**), were appointed joint and several Administrators of Build Partners Limited; Evergreen Modular Limited and Richardson Road Limited (all Administrators Appointed) on 2 May 2024 at 10:40am pursuant to Section 239I of the Companies Act 1993 (**the Act**).

We were subsequently appointed as joint and several Administrators of Property Partners Limited (Administrators Appointed) on 3 May 2024 at 3:50pm pursuant to Section 239I of the Act.

We refer to Build Partners Limited, Evergreen Modular Limited, Richardson Road Limited and Property Partners Limited (all Administrators Appointed) collectively as the group (**Group**).

Whilst our appointment has been effected by the Group's Board of Directors, it is our duty as joint and several Administrators to act in the best interest of the Group's creditors.

This report has been prepared and distributed within two working days of our appointment to provide some information to creditors. It is based on information that is available to us within that time frame and, accordingly, is subject to verification and change. Accordingly, we are not yet in a position to provide results of a detailed investigation into the Group's business, property and affairs (those investigations have commenced and are ongoing). A detailed report to creditors will be distributed in approximately four weeks' time with a notice for a second meeting of creditors.

Further comments regarding the first and second meetings of creditors are made later in this report.

## Sources of information

The information contained in this report has been provided to the Administrators by the Group's internal accountant and verified by the Group's Directors. We take no responsibility for any errors or omissions.

The information presented is also at a point-in-time, as at the time of our appointment(s), with many balances and positions subject to change as new information is received during the course of the administration.

We encourage all creditors to provide their up-to-date invoices to ensure any balances owed are correctly stated moving forward. Asset values will require verification, with book values stated potentially not reflecting the assets market / realisable value (if required).

# General Information

## Background

### Statement of Independence

Prior to our appointment as Administrators, at the instigation of the Group, we were approached to assess the Group's current financial performance and solvency, to assess/monitor the affairs of the Group, to assess options available to the Group and any other matters that might be relevant. We entered engagement terms with the Group on 20 March 2024, to undertake the review detailed above.

We do not consider our pre-appointment work to be a conflict of interest in taking appointment as joint and several Administrators, as this work was to assess options available to the Group, with it being normal market practice for such pre-appointment work to be undertaken. The Group and its shareholders have not provided us with an indemnity for our fees and expenses in the administration.

The Administrators and Grant Thornton are independent of the Group. The Administrators' Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) is enclosed to this report as Appendix A.

### Background and Nature of Business

The Group companies are part of the Property Partners Group (**PPG**), an integrated group of companies operating in the construction and property development industry. PPG develops apartment and townhouse projects primarily utilising pre-built modules constructed by Evergreen Modular Limited (administrators appointed) (**EML**), including several projects developed for or in conjunction with Kainga Ora – Homes and Communities.

An overview of each of the Group companies in Administration is set out below, including how the entities in administration fit within PPG:

- (a) EML manufactures modular apartments, the majority of which were for intercompany sale to other members of the Group for use in their projects;
- (b) Build Partners Limited (administrators appointed) (**BPL**), the Group's main trading company, which acts as head contractor on the Group's construction projects;
- (c) Richardson Road Limited (administrators appointed) (**RRL**), is developing 3 six-storey apartment buildings with 108 two-bedroom apartments at Richardson Road, Owairaka, constructed from off-site manufactured timber volumetric modules constructed by EML; and
- (d) Property Partners Limited (administrators appointed) ("**PPL**"), which operates the Group's head office, holds the head office lease, employs head office personnel and provides various central services to the Group which are deemed essential services;

Within the wider PPG group there are a number of entities which are not in administration, we provide details of the entities below:

- (a) Oxygen Architecture Limited, which operates an architecture and design business, including to support the projects undertaken by the Group;
- (b) Property Partners Group Holdings Limited, a holding company which owns all or substantially all of the shares in other members of the Group; and
- (c) various dormant and non-trading entities.

A corporate structure chart for the Administration Companies is enclosed as **Appendix 3**

## Group Details

### Build Partners Limited (Administrators Appointed)

<b>Date of Incorporation</b>	30 July 2010
<b>Current Registered Address</b>	PO Box 1961, Auckland
<b>Previous registered address</b>	Level 1, 60 Highbrook Drive, East Tamaki, Auckland 2013
<b>Directors</b>	Ty Adam Jones & Stephen Max Mikkelsen
<b>Shareholders</b>	Property Partners Group Holdings Limited (99.80%), Ty Adam Jones (0.10%) & Stephen Max Mikkelsen (0.10%)
<b>Date of Administration</b>	02 May 2024

### Evergreen Modular Limited (Administrators Appointed)

<b>Date of Incorporation</b>	09 October 2018
<b>Current Registered Address</b>	PO Box 1961, Auckland
<b>Previous registered address</b>	Level 12, 5-7 Byron Avenue, Takapuna, Auckland 0622
<b>Directors</b>	Ty Adam Jones & Stephen Max Mikkelsen
<b>Shareholders</b>	Property Partners Group Holdings Limited (100%)
<b>Date of Administration</b>	02 May 2024

### Richardson Road Limited (Administrators Appointed)

<b>Date of Incorporation</b>	04 November 2021
<b>Current Registered Address</b>	PO Box 1961, Auckland
<b>Previous registered address</b>	Level 12, 5-7 Byron Avenue, Takapuna, Auckland 0622
<b>Directors</b>	Ty Adam Jones & Stephen Max Mikkelsen
<b>Shareholders</b>	Property Partners Group Holdings Limited (100%)
<b>Date of Administration</b>	02 May 2024

### Property Partners Limited (Administrators Appointed)

Date of Incorporation	10 May 2010
Current Registered Address	PO Box 1961, Auckland
Previous registered address	Level 12, 5-7 Byron Avenue, Takapuna, Auckland 0622
Directors	Ty Adam Jones & Stephen Max Mikkelsen
Shareholders	Property Partners Group Holdings Limited (99.80%), Ty Adam Jones (0.10%) & Stephen Max Mikkelsen (0.10%)
Date of Administration	03 May 2024

## Circumstances Leading to the Appointment

A number of reasons have been attributed to the current administration of the Group by the Directors, specifically:

- Mispricing a number of key contracts (meaning there were significant shortfalls identified in projects that were well advanced and could not be remedied with profits from other contracts, as these were insufficient to cover the delta);
- Cost escalations that have reduced any possible profit margin on contracts;
- Undercapitalisation of EML, requiring cash advances from other Group entities (particularly BPL) to keep the factory operational in periods of low volume or inactivity and then underestimating the capital required to increase production to profitable levels;
- Inconsistent payment timing resulting in cashflow difficulties;
- 'Lumpy pipeline' for EML modular units meaning capacity and margin return have not been as forecast; and
- General cost and margin pressure across the property and construction industry, making worse existing financial pressures felt by the Group.

The Directors ultimately formed the view that voluntary administration was preferable to liquidation, as this is likely to see a better return to creditors than would be achieved in a liquidation if a restructure can be achieved (and if not, it would result in a better outcome for creditors than an immediate liquidation).

The administration process means the Group has the opportunity to undergo a restructuring process with a deed of company arrangement, and to emerge as a viable business if suitable funding can be obtained in short order.

## Current status

### Richardson Road Project

We have ceased operation on the one live building site that remains within the Group, which is the RRL 3 six-storey apartment buildings with 108 two-bedroom apartments at Richardson Road, Owairaka (**Richardson Road Project**). The project had slowed considerably prior to our appointment.

Employees and essential services for the Richardson Road Project, which are required from each of the Group entities, are being retained while we address any possible restructure proposal.

## Current funding

In order to maintain employees and essential services, the directors entered into funding terms with 1769 Funding Limited (**1769 Funding**) as the funder of the Richardson Road Project.

The current funding is to cover the initial costs of the administration through the first two weeks, to provide additional cash to neutralise the impact of the advisory costs that have been incurred by the Group (prior to administration and during the first two weeks) to preserve the option of a restructuring, and to enable the Group to be in a position where, if a further funding package can be agreed, a restructuring can be pursued.

The 1769 Funding is not conditional on us taking any action (or not taking any action) other than issuing a compliant drawdown request and obtaining court orders to limit our personal liability.

This funding ultimately means that if no restructuring proposal can be agreed, creditors should be no worse off than if the Group had been placed into liquidation prior to our initial engagement.

## Future funding required

Additional funding will be required in order to complete the Richardson Road Project resulting from the increased cost-to-complete.

We are facilitating advanced discussions between 1769 Funding and the Directors regarding what would be required to see additional funding received into the Group. This funding would be utilised to fund the entirety of the administration, to see the completion of the Richardson Road Project and restructure the Group's pre-administration debts (with a payment to creditors).

The ultimate goal of the full funding package would be to enable a restructure that leaves a viable business thereafter, to complete the Richardson Road Project, and achieve an outcome that would see a return to creditors that is better than creditors would receive in an immediate liquidation.

The future funding discussions are well advanced, with requests issued to 1769 Funding and the Directors issuing revised costs to complete on the Richardson Road Project.

*An updated position on the funding of the administration and possible restructure will be set out by the Administrators at the first creditors' meeting on 13 May 2024 (and notified to all known creditors who do not attend that meeting in person) – as this is the current deadline we are working towards to ascertain any funding proposals from 1769 Funding.*

## Other projects

Prior to our appointment, BPL had negotiated to exit four of its other developments and is in the process of transitioning creditors to Kainga Ora, to enable those creditors to be paid and those developments to be completed.

We have had positive interaction with Kainga Ora to-date, with the present intention being to complete the negotiated exits and novation of contracts and outstanding amounts, as this is the best result for all creditors.

We are aware that EML has undertaken separate work for Kainga Ora for the production of modules which are part completed. We have identified 12 partially complete modules held by EML.

## Actions taken since appointment

Following our appointment as Administrators on 2 and 3 May 2024, we have undertaken the following actions:

1. Issued notices of appointment to the Companies Register
2. Positioned static security guards on-site
3. Taken control of all Group bank accounts, setting up an Administration account
4. Notified the Group's insurance broker, ensuring continuity of insurance cover

5. Met with all current employees to notify them of appointment and answer initial questions (providing letters on appointment to each)
6. Issued letters to all former employees
7. Entered into ad hoc correspondence with creditors
8. Advertised the appointments in the Herald and New Zealand Gazette
9. Issued a press statement
10. Issued notice of appointment to all secured creditors
11. Requested statements of position from the Directors
12. Notified the Inland Revenue Department of appointment, obtaining tax agent access
13. Obtained full copies of the Group's financial records
14. Engaged a contractor for a full backup of the Groups' server
15. Filed an application with the High Court seeking to limit personal liability of the Administrators and for other administration-related orders
16. Undertaken a stock take
17. Reviewed asset schedules to assets on-site upon appointment
18. Written to all essential suppliers and utility providers seeking continued service
19. Notified all landlords of our appointment
20. Initial meeting with Kainga Ora regarding negotiated exits on four developments pre appointment
21. Identified and secured Group vehicles
22. Requested books and records from the Group's lawyer and accountant
23. Prepared this first report and related notices for creditors
24. Arranged all logistics for the first creditors' meeting
25. Reviewed additional financial information of the Group
26. Obtained copies of retention ledgers and taken control of the retentions bank account
27. Issued a memorandum of counsel in winding up proceedings affecting the Group
28. Reviewed employee records
29. Assessed total creditor positions as at appointment date
30. Met with the Directors to assist them to formulate a possible restructure plan
31. Issued drawdown notice to obtain funding (conditional on court orders being obtained)
32. Reviewed cashflow requirements based on funding position



# Company Creditors

## Secured Creditor

Upon appointment, we undertook a search of the Personal Property Securities Register (**PPSR**), which indicates there are 77 registrations for security interests registered over the assets of the Group.

Having conducted initial analysis of these registrations, we have identified 54 parties have security interests registered over the assets of the Group. Full details of the parties with registrations, and the details of what their registrations cover, is provided at **Appendix 2**.

An overview of the 54 parties, split across the Group, is provided below:

Company	Security party identified
<b>BPL</b>	34
<b>EML</b>	17
<b>RRL</b>	1
<b>PPL</b>	2

We have written to the secured creditors listed above and have asked them to provide details of their securities and amounts owed to them. We will be actively engaging with these parties during the course of the administration.

1769 Funding, as the main funder on the Richardson Road Project, is owed \$48.2 million (based on the balance sheet of RRL provided upon appointment). Work is to be undertaken to verify the balance owed in accordance with the 1769 Funding terms and conditions.

Heartland Bank has registered a security interest across entities within the Group, for asset finance, the total book value of the secured position is c. \$235k.

## Preferential Creditors

The Group currently employs 46 full time and part time employees. Current employees are due approximately \$130k in holiday pay and \$110k in unpaid wages (with further validation calculations required to assess the accuracy).

The Group had made 33 employees redundant prior to the Administration in an attempt to reduce ongoing cost base and to streamline operations. We estimate their preferential claims in the Group to total \$150k and their unsecured claims to total \$72k (also, subject to further validation calculations).

Company	Current employees	Redundant employees
<b>BPL</b>	8	12
<b>EML</b>	35	19
<b>RRL</b>	-	-
<b>PPL</b>	3	2

## Inland Revenue Department

We have written to the Inland Revenue Department to obtain detail of any amounts owing, across the Group.

Work is being undertaken to recalculate all PAYE and GST positions, with particular focus on BPL and the negotiated exit of the four Kainga Ora projects, in order to establish the quantum of GST refunds processed on the associated creditor invoices, that were not paid, and are now being novated to Kainga Ora. It is estimated that approximately \$837,000 is owing as a result of GST refund claimed (because PPG operated on an invoice basis) before the negotiations concluded.

## Unsecured Creditors

At the time of our appointment, records of the Group set out 215 unsecured creditors.

Company	Unsecured creditor number (#)	Unsecured creditor value (\$)
<b>BPL</b>	123	6,870,504
<b>EML</b>	68	1,625,367
<b>RRL</b>	4	1,323,016
<b>PPL</b>	20	56,927

The figures, in number and value, detailed above do not include the creditors that are captured in the negotiated transfer with Kainga Ora by BPL. We understand the total value of creditors under the terms of that agreement to be approximately \$6.4 million (including GST), plus the balance of retentions held in respect of those creditors.

Work is being undertaken to assess any balances that may remain in BPL as a result of the agreement with Kainga Ora not capturing all amounts that are due and payable. Work is also underway to assess the GST and retention position as a result of the negotiated exits.

Intercompany creditors are removed from the above balances and set out in the section below. A schedule of known unsecured creditors is enclosed at Appendix 3.

## Intercompany Creditors

Given the way in which the Group functioned, monthly intercompany transactions were processed to reflect the Group's role on different projects. We are working to establish the true intercompany debt positions across the Group, however, to-date the following related party positions have been identified:

- EML owes BPL approximately \$8.4 million.
- PPL owes BPL approximately \$3.1 million.
- Build 1 Limited (a dormant group entity) owes BPL \$407k (the Directors have advised that Build 1 Limited is wholly without funds and the Administrators will soon be issuing a demand for recovery of any available funds held by the company).
- BPL owes Land Partners Limited \$85k (the Directors also advise that Land Partners Limited is dormant and without funds).

In assessing the balance sheets of the Group, the above intercompany positions are reflected in both the debtor/creditor balance sheets – meaning each entity properly recognises the intercompany positions.

# Company Assets

## Cash at Bank

### Group cash position

Upon appointment, we have secured \$2.35 million held in the Group's bank accounts (which does not include the funding to be provided by 1769 Funding, which would increase the cash balance in RRL). This is split between the individual companies as follows:

- BPL: \$430k
- EML: \$480k
- RRL: \$1.33 million
- PPL: \$110k

### Retentions

The Group is holding approximately \$1.21 million of retentions on trust in separate bank accounts, split as follows between BPL and RRL (EML and PPL do not hold retention balances):

- BPL: \$1.01m
- RRL: \$200k

We are working to review all retention ledgers and creditor entitlements to the retentions held, to ensure that these are accurately recorded and the balance held by the Group correlates to the ledger/entitlement.

We understand the retention fund is held GST exclusive (which we understand is standard industry practice), therefore, an immediate shortfall is evident (until GST refunds can be recovered on the retentions amounts). Work is being undertaken to assess this position.

### Bond facility

We have also confirmed with the Group's bankers, BNZ Bank, that a Letter of Credit (Contractor Bond) provided on behalf of BPL in favour of Kainga Ora remains for \$2.11 million (**Bond**).

The bank holds a PPSR financing statement reflecting a security interest over various Term Investments held in the name of BPL – for an amount essentially matching the Contractor Bond provided (i.e. the Bond is cash collateralised).

We understand that the Bond is involved in the Kainga Ora negotiated exit, we are therefore working to establish entitlements to the Bond.

## Tangible assets

### Stock

BPL, PPL and RRL do not hold stock.

EML holds stock with a book value of approximately \$900k. Immediately upon appointment, a stock take was undertaken by the Administrators staff for all stock and materials held by EML.

We will be working with those parties who have registered a financing statement on the PPSR to ascertain what, if any, entitlement that they may have to the stock held. If you have supplied stock to the Group, please do reach out to help us facilitate this review.

## Modules

EML is in possession of 72 partially completed modules that are intended for the Richardson Road Project.

A further 12 partially complete modules are also held by EML for Kainga Ora (not related to the negotiated exit projects or the Richardson Road Project).

Work is needed to ascertain the ownership rights attaching to these modules and what is required to complete the modules as part of the wider cost to complete the relevant projects.

## Plant & Equipment

RRL does not record any plant and equipment on its balance sheet.

BPL has plant and equipment with a recorded book value of \$22k (this comprises miscellaneous office equipment and assets).

EML has plant and equipment with a recorded book value of approximately \$880k, comprising mainly of cutting equipment, affixed gantry crane systems, butterfly (tilt) tables, lifting beams, conveyor systems a forklift and miscellaneous tools which are all required in the modular factory. The majority of the higher value equipment, i.e. gantry cranes, are specialist equipment affixed to leased premises, meaning any resale value is limited and best achieved when in-situ.

PPL has plant and equipment with a recorded book value of approximately \$100k, comprising of leasehold improvements and office equipment.

As part of our stocktake process, we have also been provided with a detailed asset register that we are reviewing against assets on-site, to ensure all assets are secured and accounted for.

## Leased Assets

We understand several assets, including a forklift, containers used for storage and office printers are leased. There may be other assets that are leased or subject to other similar arrangements that we are not yet aware of.

We are currently in the process of reviewing each individual lease agreement and will write to the lessors in relation to the continuing lease of the assets where required (as an essential service).

## Motor vehicles

We have identified and secured 14 vehicles held by BPL. The book value for these vehicles, after accounting for accumulated depreciation, is approximately \$64k. A further vehicle is held by PPL with a book value of approximately \$1k.

We are working to establish how many are essential to be retained if a successful restructure is to be executed during the administration.

We understand Heartland Bank has a security registration covering these vehicles and other assets (owed approximately \$235k) and we have notified them of our appointment and will work with them moving forward.

# Other Matters

## Insurance

We have obtained copies of all current insurance policies in place for the Group and notified the Group's insurance broker of our appointment who, has in turn, notified the underwriter.

We are assessing the adequacy of cover to ensure it is suitable.

The Group's broker has also made us aware of an active claim against the Group's insurance policy for water damage at the Richardson Road Project. Work continues to rectify the damage caused and a final insurance claim is due to be submitted and agreed with the insurer.

## Premises

EML and PPL operated from rented premises at 11 Dalgety Drive, Wiri and 5-7 Byron Avenue, Takapuna (respectively). Notification has been sent to the landlords of the premises, with the on-going occupation deemed an essential expense of the Group (in the short term).

The Richardson Road Project is located on the corner of Richardson Road and Hendon Avenue, Mt Albert. The underlying land is not owned by RRL.

## Statutory Obligations

In addition to this notice, we have notified Inland Revenue of our appointment.

We have also lodged the appropriate documentation with the Registrar of Companies, advertised both the appointment and the first meeting of creditors in the Herald and New Zealand Gazette.

## Statement of Company's' Position

We advise that following our appointment, we requested that the Directors prepare a Statement of Company's Position and Questionnaire for Directors and Officers, which is to be completed and returned to us for our review within five (5) days thereof. The Statement of Company's Position will detail the Company's assets and liabilities, property, affairs and financial circumstances.

The Directors have both formally requested more time to complete the documentation, as they are entitled to request under the Act.

We expect to comment further on this Statement following its receipt in our report to creditors pursuant to Section 239AU of the Act when convening the second meeting of creditors.

# First Meeting of Creditors

The First Meeting of Creditors will be held on Monday, 13 May 2024 at 10:00am at the Maritime Room, Princes Wharf, Auckland. We are also seeking court orders to enable us to hold the meeting via audio-visual technology to enable those creditors who cannot attend in person to attend virtually. We will provide creditors with an update as soon as we receive any such orders.

At this meeting a full update will be provided to creditors on the funding prospects beyond the first two weeks of the administration (being the funding currently in-place).

In addition to the above update, two resolutions will also be moved and called for a vote:

Resolution 1      Remove the Administrators from office (and appoint someone else as Administrator of the Group).

Resolution 2      Decide whether to appoint a creditors' committee (and, if so, appoint its members).

Please complete the attached Creditor Claim Form and (if applicable) the Proxy Form or Postal Voting Form provided to you and return them to [ppg@nz.gt.com](mailto:ppg@nz.gt.com).

We encourage all creditors to attend the meeting so as they may be fully briefed on the status of the Administration. However, should you be unable to attend the meeting the Administrators and their staff will be available to answer any queries you may have.

# The Administration Process

We advise that following the First Meeting of Creditors we shall conduct investigations into the circumstances leading to the appointment of the Administrators. We encourage creditors to bring to our attention any matters, which they wish to have investigated and any such request should be forwarded to our office in writing.

The results of these investigations, information about the Group's business, property, affairs and financial circumstances shall be forwarded to you approximately 20 working days after our appointment in accordance with the provisions of Section 239AU of the Companies Act 1993.

This report will also outline the options available to creditors in determining the outcome of the Voluntary Administration at the Second Meeting of Creditors to be held approximately 25 working days after our appointment. The options available under the Companies Act 1993 to creditors in deciding each company in the Group's future are:

- Execution of a Deed of Company Arrangement (if one is proposed); or
- Return of the company to the control of its directors; or
- The company is placed into liquidation.

The report will also contain our recommendations as to which of the above options we believe to be in the best interest of the creditors.

This concludes our first report to creditors.

Should creditors have any further queries on the contents of this report or any other matter relating to the Group's affairs, please contact Jamie Taylor on [ppg@nz.gt.com](mailto:ppg@nz.gt.com).



Stephen Speers Keen  
Administrator



Malcolm Russell Moore  
Administrator

# Appendix 1 - DIRRI

## Declaration of Independence, Relevant Relationships and indemnities

Build Partners Limited; Evergreen Modular Limited; Richardson Road Limited and Property Partners Limited (all Administrators Appointed) (“the Group”)

Practitioner/s appointed to an insolvent entity are required to make declarations as to:

- A Their independence generally
- B Relationships, including
  - i The circumstances of the appointment
  - ii Any relationships with the Group and others within the previous 24 months
  - iii Any prior professional services for the Group within the previous 24 months
  - iv That there are no other relationships to declare and
- C any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners, Grant Thornton NZ Limited (the “Firm”) and any of the Grant Thornton NZ’s associated entities.

### A Independence

Stephen Speers Keen and Malcolm Russell Moore of Grant Thornton New Zealand Limited have undertaken a proper assessment of the risks to the Firm’s independence prior to accepting the appointment as Administrator of Build Partners Limited; Evergreen Modular Limited; Richardson Road Limited Property Partners Limited (all Administrators Appointed) in accordance with the law and applicable professional standards.

Prior to our appointment, on 20 March 2024, we were engaged at the instigation of the Group to assess the Group’s current financial performance and solvency, to assess/monitor the affairs of the Group, to assess options available to the Group and any other matters that might be relevant. A number of informal meetings, where no documentation was shared, took place before this engagement.

We consider that our pre-appointment work does not give rise to any legal or commercial conflict of interest in taking appointment as joint and several Administrators, and it is not uncommon for pre-appointment work to be undertaken in such circumstances. We have considered section 239F, which imports the grounds of section 280(4), in assessing our ability to take the appointment.

Our remuneration for this engagement comprised an initial retainer fee of \$50,000 (excluding GST) plus a further retainer of \$300,000 (inclusive of GST). These retainer fees were paid to Grant Thornton to cover all pre-appointment accounting and legal advice (with Russell McVeagh engaged by Grant Thornton to provide legal restructuring advice).

Prior to our appointment as Administrators, we assisted the Group to negotiate with 1769 Funding for it to make available additional funding to the Group. As part of this, 1769 Funding agreed to fund the pre-administration advisory costs of the Group (including the Administrators’ remuneration, costs and expenses), to provide that the creditors of the Group are no worse off than if the Group were placed into liquidation at the date(s) of the original engagement of Grant Thornton (20 March 2024). This also included further funding to meet the costs and expenses of the Administration through until the first



creditors' meeting (which includes funding for critical costs to be paid by the Administrators to essential suppliers, landlords and employees across the Group). The 1769 Funding is not conditional on us taking any action (or not taking any action) other than issuing a compliant drawdown request and obtaining court orders to limit our personal liability.

## B Declaration of Relationships

### Circumstances of appointment

This engagement was referred to the Firm by a former Grant Thornton employee who knows, socially, one of the directors. We believe that this referral does not result in a conflict of interest or duty because:

- The introduction to the Group was not conditional on us taking any action (or not taking any action) either prior to or during the administration;
- We have not undertaken any prior engagement with the Group or its directors (other than as set out in this DIRRI); and
- Introductions or referrals from business associates is common business practice.

### Initial meetings

The first meeting with Ty Jones was held in July 2023, where Mr Jones provided an outline that the Group was actively looking for investors and may need restructuring advice. Two further meetings were held in August of 2023 but Ty Jones and Steve Mikkelsen advised us that no further support was required, as they thought there were real prospects of investment and that the Group was going to be able to trade profitably moving forward.

A further meeting was then held in early February 2024, after Ty Jones reapproached us and advised that the investment sought was proving difficult/not forthcoming and that the Group needed to assess its options as it had not achieved the forecast profitability projected at the end of 2023. Subsequent meetings were then held with Ty Jones and Steve Mikkelsen in the lead up to the formal appointment on 20 March 2024.

The purpose of these informal meetings was to understand:

- The Group's financial situation;
- The nature of the advice that was needed; and
- The challenges facing the Group.

No documentation was provided to us during these meetings and high-level outlines were provided of the operations of the Group and financial challenges faced.

### Engagement

We were formally engaged by the Group on 20 March 2024. The terms of our engagement are explained in the "Independence" section above.

### No conflict

In our opinion, these meetings and our initial engagement do not affect our independence for the following reasons:

- We had no previous business relationship with the Group.
- Pre-appointment assessment of options is a common market practice as recognised by the statutory exception in sections 239F and 280.
- We have provided no other information or advice to the Group, the directors and its advisors prior to our appointment beyond that outlined in this DIRRI.
- Throughout the pre-appointment period the Directors received their own, independent, legal advice.

### Relevant Relationships (excluding Professional Services to the Insolvent)

Neither of the Administrators, nor the Firm, have, or have had within the preceding 24 months, any relationships with the Group, an associate of the Company, a former insolvency practitioner appointed to the Group or any person or entity that has security over the whole or substantially whole of the Group's property (except as set out in this DIRRI).

The Administrators and the Firm have, or have had within the preceding 24 months, a relationship with the following secured party:

Name	Nature of relationship	Reasons
Kainga Ora	Partners of Grant Thornton New Zealand Limited have in the past provided consultancy services. Additionally, Grant Thornton New Zealand Limited provides various specific project reviews for Kainga Ora regarding certain systems and processes.	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"><li>• The Administrators are not involved in any of the Kainga Ora engagements.</li><li>• The Firm is not involved in any engagement with Kainga Ora that relates to the Group.</li><li>• Each professional engagement undertaken for Kainga Ora is conducted on an entirely separate basis and has no bearing on this appointment.</li><li>• This relationship is not one that will have any impact on the performance of our statutory and fiduciary duties associated with the administration in an objective and impartial manner.</li><li>• There are no matters of which we are aware which give rise to a conflict in this appointment.</li></ul>

#### Prior Professional services to the Insolvent Group

Neither of the Administrators, nor the Firm, have provided any professional services to the Group in the previous 24 months (except as set out in this DIRRI).

#### No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Group, an associate of the Group, a former insolvency practitioner appointed to the Group or any person or entity that has security over the whole or substantially whole of the Group's property that should be disclosed.

### C Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute. As explained above, we have received payment (and the Group has been funded by 1769 Funding) for our pre-appointment retainer fee.

We have not received any up-front payments in respect of our remuneration or disbursements for the administration, although the Group has obtained funding to cover initial costs and expenses of the administration (as described in the Independence section above).

Dated: 6 May 2024



**STEPHEN SPEERS KEEN**  
ADMINISTRATOR



**MALCOLM RUSSELL MOORE**  
ADMINISTRATOR

**Note:**

- 1 If circumstances change, or new information is identified, Stephen Speers Keen and Malcolm Russell Moore are required under the Companies Act 1993 and the RITANZ Code of Professional Conduct to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
- 2 Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

# Appendix 2 –Secured Creditors

## Build Partners Limited (Administrators Appointed)

Registration Number	Secured Party	Collateral Description
FX6TRP3D8H6865N6	ASPECT ROOFING LIMITED	Goods - Other
F87BS2GMC72X89U4	ASPECT ROOFING LIMITED	Goods - Other
F962594S2B0ET09R/3	BANK OF NEW ZEALAND	Intangibles
F21GP1FW42977G98/3	BANK OF NEW ZEALAND	Intangibles
FK82K9E5D37XK2H5/1	BANK OF NEW ZEALAND	Intangibles
FY8C5D67NF4W3G74	BANK OF NEW ZEALAND	Intangibles
FX889P5X5Z4MK4V2	BANK OF NEW ZEALAND	Intangibles
FB7N979UYB594X98	BANK OF NEW ZEALAND	Intangibles
F53P37RYH3E98C78	BANK OF NEW ZEALAND	Intangibles
		All Present and After Acquired Personal Property
FZ5PB78X8KP82W85/1	BUNNINGS LIMITED	Goods - Other
		All Present and After Acquired Personal Property
F74769JF0XV31X72/3	CARTERS BUILDING SUPPLIES LIMITED	Goods - Other
FW1927C8M1R4262J/1	CODYMO TRUSTEES NO.5 LIMITED;Felicity Jane GOULD-THORPE	All Present and After Acquired Personal Property
FY5E29W89DXC64K9	CODYMO TRUSTEES NO.5 LIMITED;Felicity Jane GOULD-THORPE;SHARTY LIMITED	All Present and After Acquired Personal Property
F623K4ETF7D6U243	COMPOSITE FLOOR DECKS LIMITED;MANUFACTURING SUPPLIERS LIMITED;S & T STAINLESS LIMITED;STEEL & TUBE HOLDINGS LIMITED	All Present and After Acquired Personal Property
FP46WV5H73Z8G8Y9	ELECTROLUX (NZ) LIMITED	Goods - Other
FR23V8WN39Z6G4N3	FEL. GROUP LIMITED	Goods - Other
		All Present and After Acquired Personal Property
FY9EBC9H37S35874	FLETCHER DISTRIBUTION LIMITED TRADING AS PLACEMAKERS AUCKLAND CENTRAL NORTH HUB	Goods - Other
		All Present and After Acquired Personal Property
FN435B5XJ7UM5Z77	FLETCHER DISTRIBUTION LTD	Goods - Other
FU8JGS67R5C8V924/1	FUJIFILM BUSINESS INNOVATION NEW ZEALAND LIMITED	Goods - Other
F443CC5VE6VT3S52	FUJIFILM BUSINESS INNOVATION NEW ZEALAND LIMITED	Goods - Other
F372G84JHV4R4A87	FUJIFILM BUSINESS INNOVATION NEW ZEALAND LIMITED	Goods - Other
FU9A37T8G94CH5V6	GFC LIMITED	Goods - Other

FK3GNT92EH923C66	GFC LIMITED	Goods - Other
FE8B5584ZSA654N8	H2OFF AUCKLAND LIMITED	All Present and After Acquired Personal Property
F379HJP9YTX92H28/3	HEARTLAND BANK LIMITED	Goods - Motor Vehicles
FV44Y5UAJ66N3T24	HEATPUMP COVERS LTD	Goods - Other
FN64N25T77MDW8C2	HERCULES CRANES AND RIGGING NZ PTY LIMITED	Goods - Other
FV7J7F44W2ZH55B9	HOULTS DOORS LIMITED	Goods - Other
		All Present and After Acquired Personal Property
FR2SXY6P9Y749J93	HYNDS PIPE SYSTEMS LIMITED	Goods - Other
FU4AZ0JF67290653/3	INZONE INDUSTRIES HOLDINGS LIMITED	Goods - Other
F9293Y4XAD4P6M67	JUST LIFE GROUP	Goods - Other
FX7TE8Z49W6J47R6/1	JUST SHEDS LIMITED	Goods - Other
FC94TRM94XK3M785	KAINGA ORA	Goods - Other
FW6AC9NPM5K33745	KAINGA ORA	Goods - Other
F544Y4FVR4P93C59	KAINGA ORA	Goods - Other
	METAL LINE ROOFING LIMITED;National Credit	All Present and After Acquired Personal Property
F33599CJ08G2N18P/3	MANAGER	Goods - Other
	National CREDIT MANAGER;STEEL BUILDING	All Present and After Acquired Personal Property
F744P2VUN2U88N67	PRODUCTS (SOUTHERN) LIMITED	Goods - Other
F29N8R5ZWC5496T7	PG DRAINAGE LIMITED	Goods - Other
		All Present and After Acquired Personal Property Except...
F47WU4092AG5519K/1	PG PLUMBING AND GASFITTING LIMITED	Goods - Other
F857JVG7HD8H67B7	PLUMBUILT PLUMBING LIMITED	Goods - Other
		All Present and After Acquired Personal Property
F61R37N90SK590A6/1	PORTACOM NEW ZEALAND LIMITED	Goods - Other
F57X2JNX7YX2R827	PORTACOM NEW ZEALAND LIMITED	All Present and After Acquired Personal Property
FA3K9XF87B4K7P46	R & S TRADE GROUP LIMITED	Goods - Other
		All Present and After Acquired Personal Property
FW47HY7VKG949C43	SAFESMART ACCESS LTD	Goods - Other
		All Present and After Acquired Personal Property
FC5ME48CC2E32F72	SAFESMART RENTALS LTD	Goods - Other
F28939Z886J1VP80/1	SHARTY LIMITED	All Present and After Acquired Personal Property
FD3E52EMS59272K6	STYLECRAFT STAIRWAYS	Goods - Other
FC953TMV6B8M29D8/2	TANA NZ LIMITED	Goods - Other

		All Present and After Acquired Personal Property
FT53Z4X4FBG268T2/2	TASMAN INSULATION NEW ZEALAND LIMITED	Goods - Other
FU83U5KKA6C2X537	UNITED RENTALS NEW ZEALAND	Goods - Other
FH9XZA4827K542B7	W. CRIGHTON & SON LTD	Goods - Other
FS8PK5SU4E4886G4	WOODSPAN LIMITED	Goods - Other

#### Evergreen Modular Limited (Administrators Appointed)

Registration Number	Secured Party	Collateral Description
F86G8V8NUR538X55	ACTIVE ELECTRICAL SUPPLIERS LIMITED	Goods - Other
		All Present and After Acquired Personal Property
FX2YE65G74UA8F85/1	CARTERS BUILDING SUPPLIES LIMITED	Goods - Other
F85T6JF7HUB7D729	DAYLE TIMBER LTD	Goods - Other
F57RZ2XK7A2A33E2	ELECTROLUX (NZ) LIMITED	Goods - Other
		All Present and After Acquired Personal Property
F38A67C2FBY5K7P5/1	FLETCHER DISTRIBUTION LIMITED TRADING AS PLACEMAKERS AUCKLAND CENTRAL NORTH HUB	Goods - Other
F94NJX55RA3C6647	GFC LIMITED	Goods - Other
FK23EH7NK63S85Z8/3	HEARTLAND BANK LIMITED	Goods - Motor Vehicles
F379HJP9YTX92H28/3	HEARTLAND BANK LIMITED	Goods - Motor Vehicles
F56359UVK52SU5S3/3	HEARTLAND BANK LIMITED	Goods - Motor Vehicles
FE92G8G8FYT86X59/4	HEARTLAND BANK LIMITED	Goods - Motor Vehicles
F66FUH7K95M45H29	HENDERSON WOOD MACHINISTS LTD	Goods - Other
F544Y4FVR4P93C59	KAINGA ORA	Goods - Other
		All Present and After Acquired Personal Property
F28VSK45JN877R23/2	METAL LINE ROOFING LIMITED;National Credit MANAGER	Goods - Other
FX3A58CS2W73K2G4	METROPOLITAN GLASS & GLAZING LTD	All Present and After Acquired Personal Property
FX3A58CS2W73K2G4	METROPOLITAN GLASS & GLAZING LTD	Goods - Other
F269BY8UDB4R5R93/1	NELSON PINE INDUSTRIES LIMITED	Goods - Other
F893UUT62VRY5D26	PLUMBING WORLD LTD	Goods - Other
F87GZB7M6BH7X689	PLUMBUILT PLUMBING LIMITED	Goods - Other
		All Present and After Acquired Personal Property
F39X35Y2WRC39T67	RED STAG TIMBER LIMITED	Goods - Other
		All Present and After Acquired Personal Property
FW876DZ5PT88R4D3	REECE NEW ZEALAND LIMITED	Goods - Other

FV3DEC859A679G96	THE LUMBERBANK NZ LTD	Goods - Other
FV3DEC859A679G96	THE LUMBERBANK NZ LTD	Intangibles

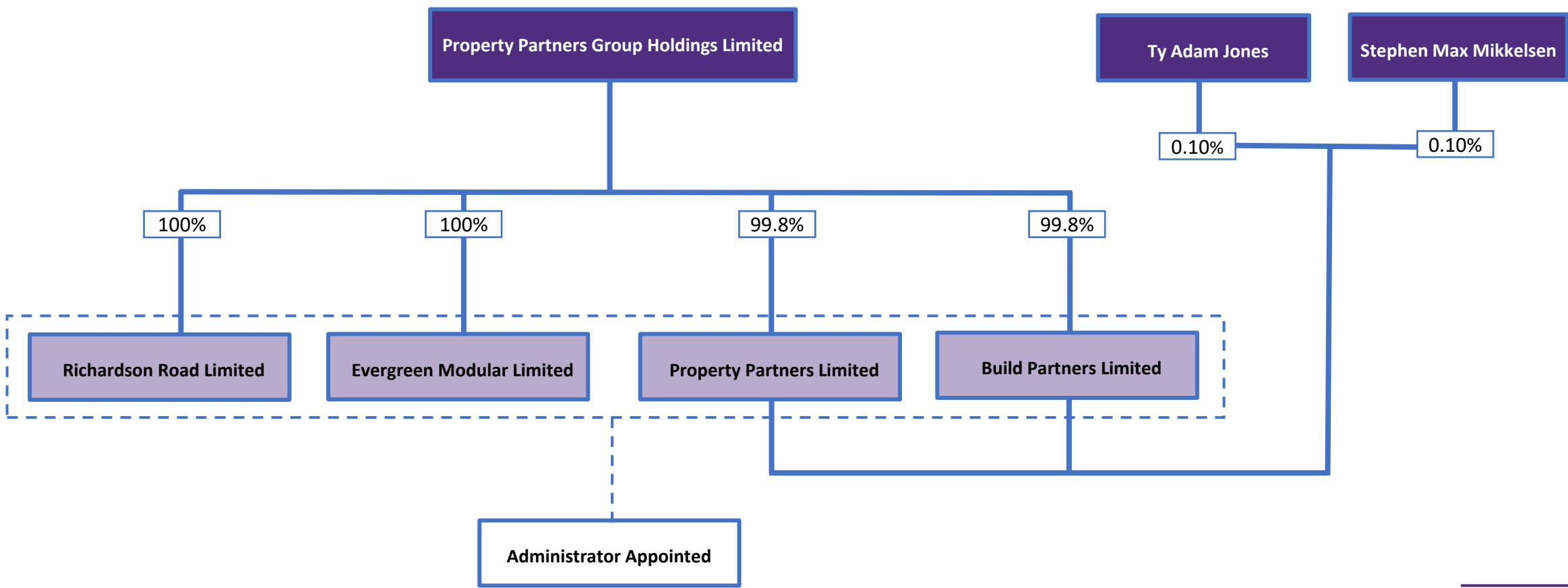
#### Richardson Road Limited (Administrators Appointed)

Registration Number	Secured Party	Collateral
F54MXT3R6D2K4262	1796 Funding Ltd	All Present and After Acquired Personal Property

#### Property Partners Limited (Administrators Appointed)

Registration Number	Secured Party	
F56359UVK52SU5S3/3	HEARTLAND BANK LIMITED	Goods - Motor Vehicles
FX4K6UZ734NZ32U3	FUJIFILM BUSINESS INNOVATION NEW ZEALAND LIMITED	Goods - Motor Vehicles
F67B5YZ88FYP4F43	FUJIFILM BUSINESS INNOVATION NEW ZEALAND LIMITED	Goods - Motor Vehicles

# Appendix 3 – Group Structure







# Grant Thornton

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