



DEM ASIA GROUP

26 September 2019

TO CREDITORS AND RESIDENTS

CONFIDENTIAL

Dear Sir/Madam

**RE: SETTLERS COMPANY PTY LIMITED ACN 606 610 904
 ATF SETTLERS PROPERTY TRUST ABN 78 694 717 061
 (ADMINISTRATOR APPOINTED) (RECEIVERS & MANAGERS APPOINTED)
 AND
 SETTLERS OPERATIONS PTY LIMITED ACN 609 526 605
 (ADMINISTRATOR APPOINTED) (RECEIVERS & MANAGERS APPOINTED)
 (Collectively "THE COMPANIES")**

EXTENSION OF CONVENING PERIOD

I refer to my appointment as Administrator of the Companies on 26 August 2019 pursuant to Section 436A of the *Corporations Act* 2001 (the **Act**).

As you are aware, Ian Charles Francis, John Richard Park and Joseph Ronald Hansell were also appointed joint and several Receivers and Managers to the Companies on 28 August 2019 (**Receivers**) and are in charge of the day to day operations.

Orders Extending Convening Period

At the first meeting of creditors on 4 September 2019, it was foreshadowed that the convening period of the next meeting of Creditors (Second Meeting) would be extended having regard to the complexities associated with the administration and structure of the Companies. The Federal Court of Australia on 19 September 2019 granted an extension of the convening period for the Companies, up to and including 23 May 2020 (the **Orders**).

The Court was concerned that residents be kept informed of the progress of the administration.

The Court has therefore ordered that creditors and residents (including potential creditors) of the Companies and residents of the Companies' retirement villages be provided with a copy of the Orders. Accordingly, a copy of the Orders is **attached** and will also be available via our website at:

www.demasiagroup.com/settlers-declaration/.

What do the Orders mean?

I am required by law to hold a second meeting of creditors within 25 business days of my appointment, unless the Court allows an extension of time. The purpose of the second meeting of creditors is to decide the Companies' future.

The Orders extended the convening period of the second meeting of creditors up to and including 23 May 2020, which means that the second meeting of creditors to determine the Companies' future will be held on



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or before 23 May 2020. The second meeting of creditors was initially scheduled to be held on or before 23 September 2019.

I will prepare a comprehensive report to creditors (or potential creditors and residents) pursuant to IPR (Corporations) 70-40 and send you a notice of meeting, with details of the time and date, at least five business days prior to the second meeting of creditors.

The report will detail my investigations into the Companies' affairs and will include a recommendation for the future of the Companies.

I note that the convening of the second meeting of creditors may be brought forward if a sale or alternate restructure proposal can be achieved prior to 23 May 2020. If the meeting is ultimately brought forward, I will provide the required advance notice to all creditors (or potential creditors and residents).

Why the Orders were obtained

An extension of the convening period was sought at the request of the Receivers to allow them sufficient time to complete the sales campaign of the Retirement Villages owned and operated by the Companies. The extension will:

1. allow for a meaningful sales campaign of the Retirement Villages by the Receivers and prevent any pressured sale from occurring and as such, it will optimise the outcome for creditors and residents;
2. accommodate the festive period from 23 December 2019 to 28 January 2020 due to absences over the holiday season; and
3. allow for the mandatory notice requirements under the *Housing Legislation (Building Better Futures) Amendment Act 2017* (Qld). That legislation requires that where the transition of operators will occur, prior approval is required. The legislation allows 90 days for approval to be obtained. The approval is only required in certain circumstances and approval may not take the entire 90 days. Whether the notice period or approval is required will not be known until the sales campaign and any negotiations have advanced or concluded.

Next Update

I will provide a further update on the sales campaign and the Administration of the Companies generally on or about 31 October 2019. General updates will also be available via our website at www.demasiagroup.com/settlers.

Should you have any further queries in relation to this or any other matter concerning the administration, please contact my office either via email on settlers@demasiagroup.com or by telephone +61 2 8004 4315.

Yours faithfully,

DAMIEN M HODGKINSON
ADMINISTRATOR



Federal Court of Australia
District Registry: New South Wales
Division: General

No: NSD1515/2019

ORDER

JUDGE: JUSTICE YATES

DATE OF ORDER: 19 September 2019

WHERE MADE: Sydney

THE COURT ORDERS THAT:

1. Pursuant to s 439A(6) of the *Corporations Act 2011* (Cth) (the **Act**), the convening period, as defined by s 439A(5) of the Act, with respect to:
 - (a) Settlers Operations (Administrators Appointed) (Receivers and Managers Appointed) ACN 609 526 605; and
 - (b) Settlers Company Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) ACN 606 610 904 (together, the **Companies**),be extended up to and including 23 May 2020.
2. Pursuant to s 447A(1) of the Act, Pt 5.3A of the Act is to operate in relation to the Companies as if the meeting of creditors of the Companies required by s 439A of the Act may be convened and held at any time during the period as extended under Order 1 above, and the period of five (5) business days thereafter, notwithstanding the provisions of s 439A(2) of the Act.
3. Liberty to apply be granted to any person, including the plaintiff, any creditor of the Companies or the Australian Securities and Investment Commission (**ASIC**), who can demonstrate sufficient interest to vary or supplement these orders on the giving of reasonable notice to the plaintiff (as the case might be), and to the Court.



4. The plaintiff, within seven (7) business days of making these orders, shall take all reasonable steps to give notice of these orders to the Companies' creditors (including the persons claiming to be, or potential, creditors), by means of a notice which is to be:
- (a) published on the ASIC published notices website at <https://insolvencynotices.asic.gov.au/>;
 - (b) published on the website maintained by the plaintiff at <https://demasiagroup.com/> (**Administrator's Website**);
 - (c) sent by hyperlink to the Administrator's website, by email to the email address of each creditor at such email address as is recorded in the books and records of the Companies;
 - (d) sent by email transmission to creditors for whom the plaintiff has a current email address;
 - (e) sent by ordinary post to creditors for whom the plaintiff has only a postal address;
 - (f) published in the common areas, or an appropriate notice board, of the following retirement villages:
 - (i) Settlers Forrest Lake, 41 High Street, Forest Lake QLD; and Settlers Lakeside
 - (ii) ~~Pioneers Avenue~~, Ravenswood WA; and Settlers 76
 - (iii) ^ Ridgewood Rise, 714 Ridgewood Boulevard, Ridgewood WA; and Settlers
 - (iv) ^ Settlers Rockhampton, 14 Paulina Martin Drive; and Gillieston Heights
 - (v) Ridge Estate Retirement Village, 276 Cessnock Road,^ (together, the **Retirement Villages**); and
 - (g) sent to the village manager of each of the Retirement Villages with instructions to deliver a copy of that notice to each of the residents of the relevant Retirement Village by leaving a copy of that notice in the mailbox for those residents at each Retirement Village.
5. Pursuant to s 447A(1) of the Act, Pt 5.3A of the Act is to operate in relation to the Companies, such that any notice (including those pursuant to rr 75-225(1) and 75-15(1) of the *Insolvency Practice Rules (Corporations) 2016* (Cth) (**IPRC**)) (other



than the notice referred to in Order 4 above), report or communication that the plaintiff must or may give or send to actual or potential creditors of the Companies (**Notices**) will be validly given to those creditors provided that that such Notices are:

- (a) published on the ASIC published notices website at <https://insolvencynotices.asic.gov.au/>;
 - (b) published on the Administrator's Website;
 - (c) sent by hyperlink to the Administrator's Website, by email to the email address of each creditor at such email address as is recorded in the books and records of the Companies;
 - (d) sent by email transmission to creditors for whom the plaintiff has a current email address;
 - (e) sent by ordinary post to creditors for whom the plaintiff has only a postal address;
 - (f) published in the common areas, or an appropriate notice board, of the Retirement Villages; and
 - (g) sent to the village manager of each of the Retirement Villages with instructions to deliver a copy of that notice to each of the residents of the relevant Retirement Village by leaving a copy of that notice in the mailbox for those residents at each Retirement Village.
6. The costs and expenses of and incidental to the Originating Process be costs and expenses in the administration of the Companies.
 7. Within seven (7) days of giving notice in accordance with Orders 4(f) and (g) above, or of giving Notices in accordance with Orders 5(f) and (g) above, the plaintiff is to file, and to send the Associate to Yates J, an affidavit verifying compliance with those orders.
 8. Pursuant to s 37AF of the *Federal Court Act 1976* (Cth), the affidavit of Damien Mark Hodgkinson dated 18 September 2019 comprising 18 paragraphs and Confidential Exhibit DMH-2 to that affidavit are not to be published or disclosed, except to pursuant of an order of the Court, until 30 June 2020, on the ground that disclosure of that affidavit and those documents would be prejudicial to the proper administration of justice.



9. These orders be entered forthwith.

Date that entry is stamped: 20 September 2019

Warrick Soden
Registrar