



**DEM ASIA GROUP**

**SETTLERS COMPANY PTY LIMITED**

ACN 606 610 904

ATF SETTLERS PROPERTY TRUST ABN 78 694 717 061

**SETTLERS OPERATIONS PTY LIMITED**

ACN 609 526 605

(ADMINISTRATOR APPOINTED)

(RECEIVERS & MANAGERS APPOINTED)

**REPORT TO CREDITORS PURSUANT TO  
IPR 75-225 OF THE CORPORATIONS ACT 2001**

**22 MAY 2020**

# REPORT TO CREDITORS

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ACN 609 526 605

(ADMINISTRATOR APPOINTED)

(RECEIVERS & MANAGERS APPOINTED)

("THE COMPANIES")

On 26 August 2019, I was appointed Administrator of the Companies pursuant to Section 436A of the *Corporations Act 2001* (the "**Act**").

The purpose of this report is to:

- a) provide creditors with information about the Companies business, property, affairs and financial circumstances; and
- b) set out my opinion about the following matters accompanied by my reasons for forming those opinions
  - i) whether it would be in the creditors' interests for the Companies to execute a Deed of Company Arrangement;
  - ii) whether it would be in the creditors' interests for the administration to end and for control of the Companies to be returned to its directors; or
  - iii) whether it would be in the creditors' interests for the Companies to be wound up.

Pursuant to Section 435A of the Act, the objective of a voluntary administration can be summarised as follows:

- a) to maximise the chances of the Companies, or as much as possible of its business continuing in existence; or

- b) if it is not possible for the Companies or its business to continue in existence, results in a better return for the Company's creditors and members than would result from an immediate winding up of the Companies.

The comparative financial returns to creditors under a Deed of Company Arrangement ("**DOCA**") compared to Liquidation is only one assessment of whether or not the proposed Deed of Company Arrangement represents a better return than immediate Liquidation. Other qualitative factors including but not limited to the benefit to creditors of ongoing business and the discounted value of prolonged recoveries, including the costs of litigation should also be assessed. Creditors are also entitled to vote in their own best interest, regardless of my recommendation.

Forum Partners Australia (Syd) Pty Limited, an affiliate of the investment manager contracted to the shareholders of the Companies, has submitted a proposal for a DOCA ("**Proposed Deed**"). Creditors are referred to Section 13 of this report for a comparison of the estimated return to creditors under the Proposed Deed and in a Liquidation scenario.

## UPDATE ON SALES CAMPAIGN OF THE RECEIVERS

At this stage, I understand that the Receivers have negotiated a sale of the Companies' five Retirement Villages that is due to settle shortly. The terms of that sale are further discussed at Section 8 of this report.

It is unlikely that the sale will be complete before the second meeting of creditors.

## RECOMMENDATION STATEMENT

It is my recommendation that creditors resolve to accept the Proposed Deed at the upcoming meeting of creditors to be held on Friday, 29 May 2020 at 11.30am AEST by virtual facilities only.



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## GLOSSARY

Abbreviation	Full Text
Act	<i>Corporations Act 2001</i>
Administrator	Damien Mark Hodgkinson
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
Companies	Each of Settlers Company Pty Limited ACN 606 610 904 ATF Settlers Property Trust ABN 78 694 717 061 and Settlers Operations Pty limited ACN 609 526 605 collectively
CRA	Company Report on Affairs
Director	Mr Andrew Faulk
DIRRI	Declaration of Independence, Relevant Relationships and Independence
DMF	Deferred Management Fee
DOCA	Deed of Company Arrangement
Purchaser or Teman	Fitzroy by Teman Pty Limited ACN 640 075 270 and Fitzroy Ops Pty Limited ACN 640 073 669
ERV	Estimated Realisable Value
Extension Orders	Federal Court Order of Australia, New South Wales, proceedings numbered NSD1515/2019
FY	Financial Year
Ingenia Communities Group	Ingenia Communities Holdings Limited ACN 154 444 925 and Ingenia Communities RE Limited ACN 154 464 990
Ingenia Management	INA Operations Pty Limited ACN 159 195 632 and INA DMF Management Pty Limited ACN 609 830 775 formerly known as Settlers Management Pty Limited
IPR	<i>Insolvency Practice Rules (Corporations) 2016</i>
PMSI	Purchase Money Security Interests
Premises	MLC Centre Suite 1403 Level 14, 19-29 Martin Place, SYDNEY NSW 2000

Abbreviation	Full Text
Proposed Deed	Deed Proposal by Forum Partners Australia (Syd) Pty Limited ACN 156 214 103 dated 22 May 2020
PPSR	Personal Property Security Regulation
Receivers	Mr Joseph Hansell, Mr Ian Frances and Mr John Park of FTI Consulting
Settlers Forest Lakes	Retirement village located at 41 High Street, Forest Lake, QLD
Settlers Lakeside	Retirement village located at Pioneers Avenue, Ravenswood, WA
Settlers Ridgewood Rise	Retirement village located at 714 Ridgewood Boulevard, Ridgewood, WA
Settlers Ridge Estate	Retirement village located 276 Cessnock Road, Gillieston Heights NSW
Secured Creditor <i>or</i> Investec	Investec Australia Finance Pty Ltd and/or Investec Bank PLC
Settlers Company	Settlers Company, ACN 606 610 904
Settlers Operations	Settlers Operations Pty Limited, ACN 609 526 605
QLD Act	Retirement Village Act 1999 (QLD)

## 1. DISCLAIMER

Whilst every care has been taken in the preparation of this report, I am unable to warrant the accuracy, completeness or reliability of the information contained as it was compiled from the available books and records of the Companies and information provided by relevant parties including the Receivers, and no audit has been conducted. My conclusions as detailed herein must be regarded as preliminary and subject to change as future investigations are undertaken.

In considering the options available to creditors, in formulating my recommendations, I have forecast asset realisations and costs of recovery. I have also been required to make estimates of the ultimate quantum of creditors' claims against the Companies. These forecasts and estimates may change as:

- my assessment of potential asset realisations progresses; and
- creditors' claims are made and adjudicated upon.

The forecasts and estimates in this report are my best assessment in the circumstances and creditors should note that the Companies' ultimate deficiency, and therefore the outcome for creditors, could differ from the information provided in this report.

## 2. EXECUTIVE SUMMARY

### 2.1 APPOINTMENT

On 26 August 2019 I, Damien Mark Hodgkinson, was appointed Voluntary Administrator to each of the Companies.

On 28 August 2019, Ian Charles Francis, John Richard Park and Joseph Ronald Hansell were appointed joint and several Receivers and Managers to each of the Companies ("**Receivers**").

The Receivers were also appointed to the following related entities of the Companies; however these entities are not subject to Voluntary Administration:

- Forum Settlers Pty Ltd ACN 613 584 759;
- Forum Settlers Trust ABN 21 632 813 203; and
- FG Boomer Pte Ltd UEN 201618579M.

On 19 September 2019, the convening period for each of the Companies was extended to and including 23 May 2020 pursuant to section 439A(6) of the Act by order of the Federal Court of Australia, New South Wales, proceedings numbered NSD1515/2019 (the "**Extension Orders**"). The Extension Orders were sought to facilitate a controlled marketing of the Companies' five retirement villages in New South Wales, Western Australia and Queensland.

### 2.2 CONTROL OF THE COMPANIES' ASSETS AND BUSINESS

As at the date of this report, the Receivers remain in control of the day to day operations and assets of the Companies.

### 2.3 PRELIMINARY INVESTIGATIONS

I have conducted my preliminary investigations into the affairs for each of the Companies and have identified matters requiring further investigation. Please refer to Section 11 of this report for further details.

### 2.4 FIRST MEETING OF CREDITORS

The first meeting of creditors for each of the Companies was held concurrently on 4 September 2019. At that meeting, creditors considered the appointment of a Committee of Inspection and the appointment of alternative Administrator(s). The creditors did not resolve to form a Committee of Inspection and my appointment as Administrator of the Companies was confirmed.

### 2.5 SECOND MEETING OF CREDITORS

In light of the Extension Orders, the Second Meeting of Creditors to determine the Companies' future will be held on or before 29 May 2020.

The Second Meeting of Creditors for each of the Companies pursuant to IPR 75-225 will be held as follows:

Date: Friday, 29 May 2020  
Time: 11.30 am AEST (9.30am Perth time)  
Location: Virtual Meeting



This meeting will be held using virtual facilities only, consistent with government policies in place due to the COVID-19 and in accordance with IPR 75-35.

Attached as **Annexure 1** is a formal Notice of Second Meeting of Creditors of the Companies.

Creditors wishing to attend the second meeting of creditors **must** register by emailing [jenny.kim@demasiagroup.com](mailto:jenny.kim@demasiagroup.com) by no later than Wednesday, 27 May 2020 at 4.00pm AEST. Once you have registered, an email with a link will be provided to join the virtual meeting.

## 2.6 MEETING OF ELIGIBLE EMPLOYEES

A meeting of Eligible Employees of Settlers Operations has been convened for **Friday, 29 May 2020 at 11.00am AEST** (9.00am Perth time).

This meeting will be held using virtual facilities only, consistent with government policies in place due to the COVID-19 and in accordance with IPR 75-35.

Under the Terms of the proposed sale, employee entitlements will either be assumed by the purchaser or settled by the Receivers at sale completion.

However, as the sale may not be complete before the date of the meeting, employees are required to consent to the terms of the Proposed Deed.

The purpose of this meeting is for eligible employee creditors to consider the Proposed Deed, and that the provision that would otherwise be required under section 444DA(1) of the Act will not be included in the Proposed Deed to be considered by a meeting of creditors of the Companies held on Friday, 29 May 2020.

Attached as **Annexure 2** is a formal Notice of meeting of Eligible Employees of the Companies.

Employees wishing to attend the meeting of eligible employees **must** register by emailing [jenny.kim@demasiagroup.com](mailto:jenny.kim@demasiagroup.com) by no later than Wednesday, 27 May 2020 at 4.00pm AEST. Once you have registered, an email with a link will be provided to join the virtual meeting.

## 2.7 ADMINISTRATOR'S RECOMMENDATION

I am of the opinion that:

- i) it would be in the creditors' interests for each of the Companies to execute a Deed of Company Arrangement on the terms of the Proposed Deed in the creditors' interests for the Companies to be wound up based on the estimated return to creditors under the Proposed Deed compared to Liquidation (refer to section 12 of this report for further analysis and discussion);
- ii) it would not be in the creditors' interests for the administration to end and for control of the Companies to be returned to the director as the Companies are insolvent; and
- iii) it would not be in the creditors' interests for the Companies to be wound up based on the estimated return to creditors under the Proposed Deed compared to Liquidation.

## 3. PURPOSE OF THIS REPORT

The purpose of this report is to provide updated information on the Companies' business, property, affairs and financial circumstances, and to provide the updates on the sales campaign of the Receivership.

## 4. STATEMENT OF INDEPENDENCE

Please refer to the Initial Notice to Creditors dated 28 August 2019 for the Declaration of Independence, Relevant Relationships and Independence ("DIRRI"). The DIRRI was tabled at the First Meeting of Creditors of the Company held on 4 September 2019.

At the date of this report there are no changes to the DIRRI.

## 5. THE COMPANIES' HISTORY AND OPERATIONS

### 5.1 INGENIA COMMUNITIES GROUP ACQUISITION

On 26 September 2016 Ingenia Communities Holdings Limited (ACN 154 444 925) and Ingenia Communities RE Limited (ACN 154 464 990). ("**Ingenia Communities Group**"),

by ASX / Media Release, (refer to **Annexure 3**), announced the sell-down of its Deferred Management Fee (“**DMF**”) portfolio for \$50.35M.

Ingenia Communities Group agreed terms with Forum Partners, a global real estate investment management firm, for the transfer of the majority of the Ingenia Communities Group’s DFM assets into a new vehicle, being five communities to be owned jointly by Forum and Ingenia Communities Group (comprising the five Retirement Villages owned by the Companies – refer to section 5.3 for further details).

Ingenia Communities Group also entered into an asset management agreement with Forum Partners and jointly provided management and operating services to the portfolio under the existing Settlers brand.

At acquisition, Forum Partners set the following allocation of purchase price:

Village	Valuation Date	Adopted Value (\$)
41 High Street, Forrest Lake, QLD 4078	23 August 2016	4,350,000
194 Old Mandurah Road, Ravenswood, WA 6208	29 August 2016	19,800,000
276 Cessnock Road, Gillieston Heights, NSW 2321	26 August 2016	2,950,000
76 Ridgewood Boulevard, Ridgewood, WA 6030	29 August 2016	19,800,000
14 Pauline Martin Drive, Rockhampton, QLD 4700	23 August 2016	3,450,000
<b>Total</b>		<b>50,350,000</b>

The acquisition was financed by Investec Australia Finance Pty Ltd and Investec Bank PLC (collectively referred to as the “**Secured Creditor**”)

## 5.2 THE COMPANIES’ HISTORY

Settlers Operations Pty Limited, ACN 609 526 605 (“**Settlers Operations**”) was registered on 26 November 2015 in Victoria.

Settlers Company, ACN 606 610 904 (“**Settlers Company**”) was registered on 23 June 2015 in Victoria.

A current company extract of the Companies published by Australian Securities and Investments Commission (“**ASIC**”) shows that Settlers Company has two shareholders, namely Ingenia Communities Holding Limited with 15% shareholding and Forum Settlers Pty Ltd with 85% shareholding. Settlers Operations has three shareholders, namely Ingenia Communities RE Limited with 14% shareholding, Forum Settlers Pty Ltd with 8% shareholding and FG Boomer Pte Ltd with 78%. A corporate structure is contained at **Annexure 4** to this report.

The Companies owned and operated a portfolio of five retirement villages across New South Wales (**NSW**), Queensland (**QLD**) and Western Australia (**WA**).

## 5.3 THE COMPANIES’ OPERATIONS

Settlers Company holds the legal land title to the following land located at:

- 41 High Street, Forest Lake, QLD (“**Settlers Forrest Lake**”);
- Pioneers Avenue, Ravenswood, WA (“**Settlers Lakeside**”);
- 714 Ridgewood Boulevard, Ridgewood, WA (“**Settlers Ridgewood Rise**”);
- 14 Pauline Martin Drive, Rockhampton, QLD (“**Settlers Rockhampton**”).

Settlers Operations holds the legal land title to the following land located at:

- 276 Cessnock Road, Gillieston Heights, NSW (“**Settlers Ridge Estate**”) (collectively with Settlers Forrest Lake, Settlers Lakeside Village, Ridgewood Rise, Settlers Rockhampton, the “**Retirement Villages**” or the “**Properties**”)

All five retirement villages are operated by Settlers Operations entity. Settlers Operations has 18 employees at the date of appointment including casual employees involved in the management of the retirement villages.

As at 11 September 2019, there were 1,009 residents living in the five villages as set out below:

- (a) **Settlers Forrest Lake** – 89 residents in occupation in 77 units;
- (b) **Settlers Lakeside**– 369 residents in occupation in 217 units;
- (c) **Settlers Ridge Estate** – 68 residents in occupation in 44 units;
- (d) **Settlers Ridgewood Rise** – 415 residents in occupation in 231 units; and
- (e) **Settlers Rockhampton** – 68 residents in occupation in 58 units.

As part of its business, Settlers Operations leased individual apartment or villa style residences to the retirees, in exchange for an interest free loan.

### Change in Legislation in Queensland

In 2017, a number of amendments made to the *Retirement Villages Act 1999* (QLD) (“**QLD Act**”) which came into effect on 23 May 2019. The legislation amendments introduced the following key changes:

- the retirement village operator must enter into a contract to purchase the former resident’s property within 18 months of the termination date (**Buyback**); and
- the termination date is one month’s written notice or death of the resident.

The legislative amendments applied retrospectively to any terminations that occurred prior to 23 May 2019. Settlers Operations became liable for \$1.5M in Buyback obligations in respect of Settlers Rockhampton and was unable to fund these obligations from unit sales or from cashflow.

### Proposed change in New South Wales

On 14 February 2019, the New South Wales Government made election commitments to require retirement village operators to pay exit entitlements within 6 months for retirement villages in metropolitan areas and 12 months in regional areas, and to place a 42-day cap on the recurrent charges for general services. This legislation is yet to be enacted.

Settlers Company was dependent on receiving the rental income from Settlers Operations to make mortgage repayments in respect of the Properties to the Secured Creditor. Therefore, the inability of Settlers Operations to discharge its financial obligations to Settlers Company ultimately lead to the Companies being in default of their principal financial facility. I am informed by the director of the Companies that the appointment of the Administrator followed their own extensive sale campaign as discussed in the following section.

## 5.4 INGENIA MANAGEMENT PERFORMANCE DISPUTE WITH SETTLERS OPERATIONS

After the acquisition, Settlers Operations entered into management agreement and outsourcing agreement with Settlers Management Pty Ltd and INA Operations Pty Ltd (collectively “**Ingenia Management**”) where Ingenia Management was to provide the co-ordination and management of the Companies’ five Retirement Villages. Ingenia Management ceased services under these agreements in December 2018 due to a dispute over its management services and fees.

As at the date of my appointment, Ingenia Management lodged a claim against Settlers Operations for \$1,112,102 for fees payable under the management agreement and the outsourcing agreement. The director has informed me that the Companies have a counter claim against Ingenia Management in respect of those agreements. I have not adjudicated Ingenia Management’s claim nor investigated the merits of the Companies’ counter claim.

## 5.5 THE COMPANIES’ SALE CAMPAIGNS

### May 2018 Campaign

In May 2018, the Companies undertook a sale campaign to sell the five Retirement Villages. I understand from the Director that the offers received at the time were insufficient to cover the amount paid for the Properties and Retirement Villages when acquired from Ingenia Communities Group and, subsequently, a decision was made by shareholders (and the Secured Creditor) not to sell.

### April 2019 Campaign

In April 2019, the Companies undertook a further sales campaign at the direction of the Secured Creditor. As a result of the campaign only one offer was received. That offer was commercially unacceptable to the shareholders of the Companies and the Secured Creditor. Given that an acceptable offer could not be achieved, the Director resolved to appoint an Administrator, and the Secured Creditor subsequently appointed the Receivers.

## 6. STATUTORY INFORMATION

Detailed below is a summary of information relating to the Companies as recorded by the Australia Securities and Investment Commission (“ASIC”) as at the date of my appointment.

### 6.1 INCORPORATION

<b>Company:</b>	Settlers Company Pty Limited	Settlers Operations Pty limited
<b>ACN:</b>	606 610 904	609 526 605
<b>Date of Incorporation:</b>	23 June 2015	26 November 2015
<b>Registered Office:</b>	‘MLC’ Centre Suite 1403 Level 14, 19-29 Martin Place, SYDNEY NSW 2000	‘MLC’ Centre Suite 1403 Level 14, 19-29 Martin Place, SYDNEY NSW 2000
<b>Principal Place of Business:</b>	Level 9, 115 Pitt Street, SYDNEY NSW 2000	MLC Centre Suite 1403 Level 14, 19-29 Martin Place, SYDNEY NSW 2000

### 6.2 FORMER AND CURRENT DIRECTORS AND SECRETARIES

A search of the records of ASIC revealed that the director of the Companies since formation was:

Name of Director	Company	Date Appointed	Date Ceased
Andrew Faulk	Settlers Company	27 October 2016	Current
Andrew Faulk	Settlers Operations	27 October 2016	Current

A search of the records of ASIC revealed that the secretaries of the Companies since formation was:

Name of Secretary	Company	Date Appointed	Date Ceased
Fiona Dixon	Settlers Company	9 November 2016	Current
Fiona Dixon	Settlers Operations	9 November 2016	Current

### 6.3 SHAREHOLDING

As at the date of my appointment, there were 27,043,617 Class Ordinary Shares fully paid for Settlers Operations and 20 Class Ordinary Shares fully paid for Settlers Company:

Class	Company	Description	Number Issued	Total Amount Paid	Total Unpaid Amount	Document Number
ORD	Settlers Operations	ORD Shares	27,043,617	16,118,536.73	Nil	7EAA73869
ORD	Settlers Company	ORD Shares	20	20.00	Nil	7E8324369

### 6.4 REGISTERED SECURITY INTERESTS

A search of the Personal Property Securities Register (“PPSR”) which details all registered security interests against the Companies and/or its property pursuant to the *Personal Property Securities Act 2009* reveal the following registered security interests:

Settlers Company Pty Limited				
Security Holder	Registration Number	Registration Start Date	PMSI	Collateral Type
Investec Australia Limited	201610250088295	25/10/2016	N/A	Commercial property. All present and after acquired property of the grantor except any property which is not subject to, or has been released from, a security agreement in favour of the secured party.
Investec Australia Limited	201610250089238	25/10/2016	N/A	Commercial property. All present and after acquired property of the grantor except any property which is not subject to, or has been released from, a security agreement in favour of the secured party.

Settlers Operations Pty Limited				
Security Holder	Registration Number	Registration Start Date	PMSI	Collateral Type
Investec Australia Limited	201610250088269	25/10/2016	N/A	Commercial property. Other goods. All present and after acquired property
Investec Australia Limited	201610250088276	25/10/2016	No	Commercial property. General Intangible
Investec Australia Limited	201610250089217	25/10/2016	N/A	Commercial property. Other goods. All present and after acquired property
Investec Australia Limited	201610250089229	25/10/2016	No	Commercial Property. General Intangible
Royal Wolf Trading Australia Pty Limited	201611070048617	7/11/2016	Yes	Commercial Property. All goods supplied by the secured party to the grantor including but not limited to containers, ancillary equipment and related goods.
CSG Finance Australia Pty Ltd (plus others)	201611300021959	30/11/2016	Yes	Commercial property. CANON IRADVC3320
CSG Finance Australia Pty Ltd (plus others)	201611300021963	30/11/2016	Yes	Commercial property. CANON IRADVC3320
CSG Finance Australia Pty Ltd (plus others)	201611300021971	30/11/2016	Yes	Commercial property. CANON BDLMF416DW
CSG Finance Australia Pty Ltd (plus others)	201611300021985	30/11/2016	Yes	Commercial property. CANON BDLMF416DW

Settlers Operations Pty Limited				
Security Holder	Registration Number	Registration Start Date	PMSI	Collateral Type
CSG Finance Australia Pty Ltd (plus others)	201611300021992	30/11/2016	Yes	Commercial property. CANON BDLMF416DW
Fleet Partners Pty Limited	201708110058480	11/08/2017	Yes	Commercial Property. All motor vehicles and/or equipment subject to lease arrangements with Fleet Partners Pty Ltd (Eclixp Group)
Fleet Partners Pty Limited	201708110058904	11/08/2017	No	Commercial Property. All motor vehicles and/or equipment subject to lease arrangements with Fleet Partners Pty Ltd (Eclixp Group)
Fleet Partners Pty Limited	201709110070136	11/08/2017	Yes	Commercial Property. Motor Vehicle.
CSG Finance Australia Pty Ltd (plus others)	201908150002590	15/08/2019	Yes	Commercial property. CANON IRADVC3520I
CSG Finance Australia Pty Ltd (plus others)	201908150002601	15/08/2019	Yes	Commercial property. CANON IRADVC3520I
CSG Finance Australia Pty Ltd (plus others)	201908150002617	15/08/2019	Yes	Commercial property. CANON IRADVC256
CSG Finance Australia Pty Ltd (plus others)	201908150002629	15/08/2019	Yes	Commercial property. CANON IRADVC256



Settlers Operations Pty Limited				
Security Holder	Registration Number	Registration Start Date	PMSI	Collateral Type
CSG Finance Australia Pty Ltd (plus others)	201908150002638	15/08/2019	Yes	Commercial property. CANON IRADVC256

I am informed by the Receivers that:

- The incoming purchaser of the five Retirement Villages intend to assume the various contractual obligations of Settlers Operations with CSG Finance Australia Pty Limited and Fleet Partners Pty Limited under the registrations noted above; and
- On 4 May 2020, the Receivers issued a Notice of Intention Not to Exercise Property to Royal Wolf Trading Australia Pty Limited ("**Royal Wolf**") in relation to PPSR registration number 201611070048617. Royal Wolf have since collected the assets subject to their security interest.

The remaining registrations relate to the Secured Creditor.

Except for the Secured Creditor, there are no known claims against the Companies in relation to any of the PPSR registrations noted as at the date of this report.

## 7. SUMMARY OF ADMINISTRATION TO DATE

Operational and statutory tasks were attended to for the conduct of the Voluntary Administration. The operational tasks include:

- correspondence with the Insurance Underwriters;
- meeting and liaising with the Secured Creditor;
- meeting and liaising with the Receivers;
- meeting and corresponding with officeholders;
- dealing with creditor and employee enquiries;
- dealing with resident enquiries and circulars regarding the administration;
- circular to creditors and employees regarding my appointment; and

The statutory tasks include:

- preparing and attending the Court application to extend the convening period;

Shareholder	Company	Number Held	Beneficially Held	Paid	Document Number
Ingenia Communities Holding Limited	Settlers Company	3 Ordinary Shares	Yes	Fully	9E0015644
Forum Settlers Pty Ltd	Settlers Company	17 Ordinary Shares	No	Fully	8E0026919
Ingenia Communities Re Limited	Settlers Operations	3,750,000 Ordinary Shares	No	Fully	1M0010699
FG Boomer Pte Ltd	Settlers Operations	21,250,000 Ordinary Shares	Yes	Fully	1M0010699
Forum Settlers Pty Ltd	Settlers Operations	2,043,617 Ordinary Shares	No	Fully	7EAA73869

- preparing and lodging relevant ASIC notices;
- convened the First Meeting of Creditors of the Companies;
- preparation for the Second Meeting of Creditors of the Companies;
- reviewing security interests registered against the Companies;
- commenced preliminary investigations into the affairs of the Companies; and
- preparation of this report to creditors.

For a detailed list of tasks attended to please refer to the Remuneration Report in **Annexure 5**.

## 8. RECEIVERS' SALE OF COMPANIES' ASSETS

Following their appointment, the Receivers appointed Noral Wild of JLL (formerly known as Jones Lang Lasalle) to market the Companies' Retirement Villages by way of Expression of Interest.

The Receivers have informed me that they are in the final stages negotiating the sale of the Retirement Villages, by way of asset sale, to Fitzroy by Teman Pty Ltd and Fitzroy Ops Pty Ltd ("**Teman**" or the "**Purchaser**"). It is anticipated that completion of the sale will occur shortly. On completion, the operation of the Retirement Villages will pass to the Purchaser.

The Receivers have informed me of the following terms of sale:

- A five percent non-refundable deposit will be paid prior to completion, with the balance of the purchase price to be paid in 18 months' after completion;
- The Purchaser shall own and operate the Retirement Villages from completion and will obtain economic and operational benefit and risks from this time;
- The majority of employees (12) of the Companies will continue employment with the Purchaser with service and accrued entitlements to be transferred to the Purchaser. The deposit paid was adjusted to account for the entitlements assumed by the Purchaser in respect of these employees. The remaining employees that will not be continuing will be paid their entitlements in full;
- The purchase price remains confidential however it is insufficient to discharge the Secured Creditor in full after the costs of receivership.

I understand that the transition plan for the Purchaser to become the Scheme Operator as required pursuant to section 41F of the QLD Act has been approved in relation to the Retirement Villages located in Queensland.

The Purchaser will become the Scheme Operator of all five Retirement Villages following completion of the sale. Under the relevant states' legislation, the Scheme Operator will become liable for the outstanding Buyback obligations. Buyback creditors of the Companies would be entitled to rely on their statutory and contractual rights in this regard.

I further understand that, the liability to the Western Australian Office of State Revenue in the amount of \$385,345.89 will be paid on settlement. It appears that this is an outstanding duty payable by related entities FG Boomer Pte Limited, Forum Settlers Pty Ltd and Settlers Co Pty Ltd, that attaches to the some of the Properties owned by the

Companies in Western Australia. In order to enable a transfer of those assets on sale completion, payment of this outstanding duty would be required.

## 9. SUMMARY OF THE COMPANIES' ASSETS AND LIABILITIES

Pursuant to Section 438B(2) of the Act, the Director of the Companies is required to submit a Report on Company Activities and Property ("**ROCAP**") that provides information on the financial position of the Companies as at the date of my appointment.

The ROCAP for Settlers Operations was received from the director on 9 December 2019 and was subsequently filed with ASIC on 10 December 2019. The ROCAP for Settlers Company was received from the Director on 9 January 2020 and was subsequently filed with ASIC on 13 January 2020. Further information regarding liabilities and assets of Settler Operations and Settler Company in the ROCAPs is provided in **Annexure 6** and **Annexure 7** respectively.

## 10. FINANCIAL INFORMATION

I have been provided with Settlers Operations' management accounts from December 2018 to August 2019 (being the month the Companies were placed into Administration). I also have been advised by the Companies' external accountant that they took over the management of accounts from Ingenia Management in December 2018 and created a journal entry in December 2018 to adopt the balance figures as at the date that the Companies ceased using Ingenia Management.

I understand from the Director of the Companies and the Companies' external accountant that the management accounts were not maintained for Settlers Company as all expense and revenue payments were processed through Settlers Operations (as scheme operator of the Retirement Villages). Settlers Company was not a trading entity. It held title to four of the five Properties and was joint and severally liable to the Secured Creditor with Settlers Operations.

Detailed summaries of the Statement of Financial Performance (Income Statement) and the Statement of Financial Position (Balance Sheet) for Settlers Operations are contained at **Annexure 8** and **Annexure 9** respectively to this report.

Provided below is a summary of key findings from my preliminary investigation into the financial statements. A more detailed review will be undertaken by a Liquidator if and when appointed.

## 10.1 PROFIT AND LOSS STATEMENT

I refer to **Annexure 8** that summarises Settlers Operations' profit and loss statement from February 2019 to August 2019, on a monthly basis.

Before Interest, Tax, Depreciation and Amortization, Settlers Operations traded at loss in two months, being June 2019 and August 2019.

## 10.2 BALANCE SHEET AND WORKING CAPITAL RATIO

The table below summarises Settlers Operations' working capital from February 2019 to August 2019.

Working Capital Analysis	31 Aug 2019	31 Jul 2019	30 Jun 2019	31 May 2019	30 Apr 2019	31 Mar 2019	28 Feb 2019
<b>Current Assets</b>							
<b>Bank</b>							
Forest lake Cap Replace Fund	\$93,362.74	\$93,362.74	\$93,362.74	\$93,280.74	\$92,753.89	\$92,753.89	\$92,753.89
Rockhampton Cap Replace Fund	\$26,400.92	\$26,400.92	\$26,400.92	\$26,384.90	\$26,271.62	\$26,271.62	\$26,271.62
Settlers Ops Pty Ltd #22048	\$206,597.17	\$406,232.84	\$287,709.49	\$465,771.61	\$849,298.45	\$570,850.53	\$570,494.66
Settlers Property TR	\$11,446.92	\$11,726.40	\$11,726.40	\$11,726.40	\$11,726.40	\$11,726.40	\$11,726.40
<b>Total Bank</b>	<b>\$337,807.75</b>	<b>\$537,722.90</b>	<b>\$419,199.55</b>	<b>\$597,163.65</b>	<b>\$980,050.36</b>	<b>\$701,602.44</b>	<b>\$701,246.57</b>
<b>Other Current Assets</b>							
DMF Clearing	\$833,593.68	\$829,704.25	\$860,130.14	\$780,230.48	\$764,592.63	\$792,707.05	\$719,614.47
Forest Lake Cap Replace Fund old	\$640.13	\$640.13	\$640.13	\$640.13	\$507.86	\$370.86	\$248.72
Insurance remediation	\$0.00	\$0.00	\$0.00	\$0.00	-\$21,376.22	-\$9,180.00	-\$9,180.00
Other receivables	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00
Prepayment - other	\$304,488.85	\$304,488.85	\$266,652.10	\$266,652.10	\$9,004.19	\$144,422.81	\$279,841.45
Recharge clearing	\$218,387.20	\$218,387.20	\$218,387.20	\$218,387.20	\$218,387.20	\$218,387.20	\$218,387.20
Sundry Debtors	\$338,056.33	\$338,056.33	\$338,056.33	\$338,056.33	\$338,351.56	\$338,056.33	\$338,056.33
Trade debtors	\$58,827.49	\$17,562.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Trade Debtors (OLD)	\$46,388.41	\$46,388.41	\$46,388.41	\$40,112.58	\$44,500.04	\$43,751.20	\$42,850.89
Unapplied cash	-\$3,491.94	-\$3,491.94	-\$3,491.94	-\$3,491.94	-\$3,722.85	-\$3,491.94	-\$3,491.94
<b>Total Other Current Assets</b>	<b>\$1,846,890.15</b>	<b>\$1,801,735.53</b>	<b>\$1,776,762.37</b>	<b>\$1,690,586.88</b>	<b>\$1,400,244.41</b>	<b>\$1,575,023.51</b>	<b>\$1,636,327.12</b>
<b>Total Current Assets</b>	<b>\$2,184,697.90</b>	<b>\$2,339,458.43</b>	<b>\$2,195,961.92</b>	<b>\$2,287,750.53</b>	<b>\$2,380,294.77</b>	<b>\$2,276,625.95</b>	<b>\$2,337,573.69</b>

## Current Liabilities

<b>Current Liabilities</b>							
Advance deposits	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$15,500.00	\$24,500.00	\$21,500.00
Annual leave accrual - current	\$19,404.08	\$19,404.08	\$19,404.08	\$19,404.08	\$18,480.12	\$16,505.26	\$16,505.26
Credit card clearing	-\$3,268.56	-\$4,031.76	-\$4,031.76	\$5,984.61	\$2,241.66	\$2,576.13	-\$930.81
GST	-\$661.56	-\$637.52	-\$637.52	-\$425.52	-\$342.79	\$0.00	\$0.00
LSL accrual - current	\$24,573.18	\$24,573.18	\$24,573.18	\$24,573.18	\$24,447.03	\$23,395.94	\$23,395.94
Other Accruals	\$945,578.54	\$945,578.54	\$945,578.54	\$949,661.87	\$894,370.21	\$839,078.54	\$783,786.87
PAYG Withholding payable	\$49,510.01	\$31,362.01	\$13,660.00	\$15,894.00	\$20,729.00	\$16,034.00	\$15,984.00
Payroll tax payable	\$1,796.79	\$1,796.79	\$1,796.79	\$1,134.22	\$70.32	-\$893.54	-\$15,075.40
Sundry Creditors	\$585,989.00	\$585,989.00	\$585,989.00	\$585,989.00	\$525,369.00	\$484,956.00	\$444,543.00
Superannuation payable	\$14,516.16	\$23,528.48	\$15,700.24	\$8,950.22	\$12,049.75	\$8,305.43	\$7,754.28
Trade Creditors	\$164,773.08	\$267,504.42	\$74,659.49	\$6,986.57	\$5,688.72	\$1,604.37	\$1,377.77
Wages payable	\$1,279.48	\$1,279.48	\$1,279.48	\$279.48	\$279.48	-\$26.52	\$279.48
<b>Total Current Liabilities</b>	<b>\$1,815,990.20</b>	<b>\$1,908,846.70</b>	<b>\$1,690,471.52</b>	<b>\$1,630,931.71</b>	<b>\$1,518,882.50</b>	<b>\$1,416,035.61</b>	<b>\$1,299,120.39</b>

## Working Capital Ratio

1.20                      1.23                      1.30                      1.40                      1.57                      1.61                      1.80

Settlers Operations had strong working capital ratio during the six months prior to the Administration which indicates that Settlers Operations had sufficient current assets to meet its current liabilities. The ratio does not consider the impact of the Buyback obligations.

### 10.3 ADMINISTRATORS OBSERVATIONS

After the analysis based on the available books and record, I make the following observations in relation to the profit and loss statement and the balance sheet:

- Deferred Management Fee Accrual (**DMF Accrual**, being part of the income) was not recorded from June 2019 to August 2019. This could impact the earning before tax, interest, depreciation and amortization (**EBITDA**) by increasing it;
- Deferred Management Fee (**DMF**) was recorded as Current Asset in the Balance Sheet however may not be payable by the respective resident to

the scheme operator until that resident leaves the Retirement village. Thus, DMF may be better classified as a Non-current asset. If the DMF was reclassified as a Non-Current Asset it will reduce the working capital ratio.

### 11. PRELIMINARY INVESTIGATIONS

I have undertaken preliminary investigations into the affairs of the Companies to identify any transactions that may be voidable, or other causes of action that may be recoverable under the provisions of the Act.

An Administrator (or Deed Administrator) does not have the power to commence voidable transactions or insolvent trading recovery action. These recoveries can only be actioned by a Liquidator.

The purpose of this section is to inform creditors of potential recoveries that would incorporate additional asset recoveries that may be available if creditors resolve that the Companies be wound up.

## 11.1 LIMITATIONS

The Act provides a strict timeframe within which the Administrator is to report to creditors on a Companies' affairs prior to the Second Meeting of Creditors.

I have conducted a preliminary investigation into the affairs of the Companies within the time constraints. Further investigation would be required if the Companies are wound up and potential recoveries pursued.

## 11.2 BOOKS AND RECORDS

I have reviewed the schedule of records of the Companies for the purpose of my preliminary investigations.

Section 286 of the Act provides that:

*"A company, registered scheme or disclosing entity must keep written financial records that:*

- *Correctly record and explain its transactions and financial position and performance;*
- *and*
- *Would enable true and fair financial statements to be prepared and audited."*

Section 286(2) of the Act also provides that such records must be retained for seven (7) years after the transactions covered by the records and completed. Failure to comply with Section 286 of the Act creates a presumption of insolvency, and this presumption can be used by a Liquidator in pursuing any potential recovery action for voidable transactions, should the Companies be placed into liquidation at the upcoming meeting of creditors or by the Court.

The books and records were maintained by the Director and an independent accountant.

Following my appointment, I have requested access to certain books and records of the Companies from the Director, to enable me to conduct my preliminary investigations in accordance with the requirements under the Act.

The Companies' books and records available to me are adequate for me to form my view and opinions for the purposes of this report. I am, however, unable to verify whether the books and records of the Companies that I have access to are the entirety of the Companies' books and records that may exist.

From the books and records of the Companies available to me, I am of the opinion that the Companies kept adequate books and records to meet the requirements of Section 286 of the Act.

## 11.3 LITIGATION RISK AND PROOF OF INSOLVENCY

### 11.3.1 Litigation Risk

As noted, if a company is wound up, Part 5.7B of the Act gives Liquidator(s) the right to commence certain legal proceedings to recover money, property or other benefits for the benefit of the unsecured creditors of a company that are otherwise not available to Administrator(s) and/or Deed Administrator(s).

Creditors should note that while recovery actions have the potential to increase the pool of funds available to creditors, it can be an expensive protracted process with unknown outcomes. Even if a recovery action is successful, it will depend on whether defendant(s) have the financial means to satisfy any judgment against them or any insurance policies that may respond to the judgment.

Any successful litigation to recover funds under this section would be subject to the following:

- the availability of further information;
- the ability to secure funding and pay legal costs and disbursements, which may be significant;
- the decision of the matter by the Court;
- any defence by the respondent(s);
- the ultimate costs of the litigation and the winding up;
- the ability of the respondents to financially satisfy any Court orders against them or on the terms of any insurance policy;
- the terms of any insurance policy that may respond to any Court orders; and
- any litigation is also likely to be a lengthy process.

Recovery actions will need to be funded out of the Companies' existing assets, or where such assets do not exist, by creditors or by external litigation funders (who are likely to



require a significant portion of any judgment recovery as a condition of funding the litigation).

If a Liquidator had insufficient funds to undertake litigation, one of the following would have to take effect in order that litigation could be pursued:

- A creditor or creditors may contribute funds for additional investigations and litigation. Such creditors would need to indemnify the Liquidator against any adverse cost orders should the litigation be unsuccessful. However, if the litigation is successful, creditors who have funded the litigation may apply to the court to have their claim met in priority to other creditors not participating in the funding arrangement.
- The Liquidator may request funding from an independent, specialist litigation funding firm. Generally, the litigation funder may require a premium of 30%-40% of any recoveries arising out of the litigation.

#### 11.3.2 Proof of Insolvency

Some of the recovery actions discussed in this section of the report will require the Liquidator to prove that the Companies were insolvent at the date of the transaction (or relevant period of time) for the action to be successful. This includes unfair preference claims (Section **Error! Reference source not found.**), and uncommercial transaction claims (Section 11.4.3), but not unreasonable director-related transaction claims (Section 11.4.6).

Proving insolvency is a complicated, extensive and expensive process. Further investigations as to the Companies' solvency would be required by the Liquidator when considering pursuing these actions.

For the purposes of this report I have assumed the companies were insolvent between 23 May 2019 and the date of administration.

### 11.4 VOIDABLE TRANSACTIONS

Voidable transactions include transactions such as unfair preferences, uncommercial transactions, unfair loans, unreasonable director related transactions and floating charges created within six months of the relation-back day, which is the date of the appointment of the Administrator and were made at a time that the company was insolvent or likely to become insolvent as a result of the transaction.

These transactions usually relate to the period six months prior to the date of my appointment, however in certain circumstances this period can be extended for transactions with related entities.

#### 11.4.1 Relation-Back Period

I was appointed Administrator of the Companies on 26 August 2019. If the Companies are placed into liquidation at the upcoming Second Meeting of Creditors, the relation-back date would be 26 August 2019, being the date of my appointment. The six-month period for recovery for unfair preference transactions would therefore be 26 February 2019 to 26 August 2019.

#### 11.4.2 Unfair Loans (S588FD)

A loan is unfair if it is made to a company at extortionate interest rates or the charges in relation to the loan are extortionate. In considering whether interests and charges are extortionate, regard must be had to the following:

- risk the lender is exposed to;
- value of the security;
- term;
- repayment schedule; and
- amount of loan.

My preliminary review of the books and records available to me have not revealed any unfair loans. Further investigation may be required upon receipt of further books and records of the Companies (if any).

#### 11.4.3 Uncommercial Transactions (S588FB)

A transaction is considered uncommercial if it is made at a time when the company is insolvent, and it may be expected that a reasonable person in the Companies' circumstances would not have entered into the transaction having regard to:

- the benefits or detriment to the company of entering into the transaction; and
- the prospective benefits to other parties to the transaction.

My preliminary investigation on the books and records available to me have not revealed any transactions which may be considered uncommercial.

#### 11.4.4 Discharge of Related Party Debts (S588FH)

A transaction is considered to have discharged a related party's debt if funds from the company are used to pay that creditor which has had the effect of discharging to the extent of a particular amount, a liability (whether under a guarantee or otherwise) of a related entity of a company.

My preliminary investigations to date have not revealed any transitions of this nature. Further investigation may be required upon receipt of further books and records of the Companies (if any).

#### 11.4.5 Transactions for the Purpose of Defeating Creditors (S588FE)

Transactions involving the removal or concealment of assets of the company for the purpose of preventing the Liquidator from realising their value are voidable transactions and are recoverable by a Liquidator. These actions may constitute fraud by the director or any other person.

My preliminary investigations to date have not revealed any transitions of this nature, however, my investigations are ongoing.

#### 11.4.6 Unreasonable Director Related Transactions (S588FDA)

A transaction is an unreasonable director related transaction of the Companies if:

- The transaction is a payment, a conveyance, transfer or disposition of property, the issue of securities, or incurring of an obligation to make a payment, disposition, or issue by the Companies.
- The transaction is to a director or close associate of the director or for their benefit.
- A reasonable person in the Companies' circumstances would not have entered into the transaction having regard to the benefit or detriment to the Companies or other parties involved in the transaction.

The relation back day for director related transaction is four (4) years, as such the applicable date is 26 August 2015.

My investigations into the Companies' affairs have not identified any claims.

#### 11.4.7 Insolvent Trading (S588G)

Insolvent trading occurs when a company incurs a debt at a time when there are reasonable grounds to suspect that the company will be unable to pay the debt as and when it falls due.

Directors may be held personally liable for such debts incurred in the above circumstances. Recovery under insolvent trading actions is a remedy available to a Liquidator only.

Despite the recovery of insolvent trading transactions not being available to a Voluntary Administrator, I am required to give my opinion on any possible recoveries that may be available to a Liquidator in order that creditors are informed prior to deciding the company's future at the upcoming meeting.

Section 95A of the Act defines solvency as follows:

*"95A(1) [when person is solvent] A person is solvent if, and only if, the person is able to pay all the person's debts, as and when they become due and payable.*

*95A(2) [insolvent person not solvent] A person who is not solvent is insolvent"*

When considering insolvent trading, it must be determined at what point the director knew or ought to have suspected insolvency, or when a reasonable person in the director's position would have been aware of or suspected insolvency. It is ultimately the Court's role to determine the actual date of insolvency based on the evidence provided.

The onus is on the liquidator to prove if, and when insolvent trading occurred. If a liquidator is appointed, investigations in relation to insolvent trading must be considered in greater detail.

The commerciality of the potential recoveries from directors for insolvent trading must be considered. The liquidator will be required to investigate several indicators for insolvency in more detail which necessitate incurring substantial legal fees.

When considering the costs associated with recovery of those transactions and in addition to the abovementioned associated cost; the personal assets of the directors

must also be considered to determine if the directors have sufficient funds available to meet any judgment obtained against them.

The Act imposes an obligation on directors to prevent insolvent trading by the Company. This section provides for a director to be held personally liable for debts incurred whilst the Company was trading whilst insolvent. Section 588G states that if:

- a) a person is a director of the Company at the time when the Company incurs a debt;
- b) the Company is insolvent at that time or becomes insolvent by incurring that debt, or by incurring at that time debts including that debt; and
- c) at that time, there are reasonable grounds for suspecting that the Company is insolvent, or would so become insolvent, as the case may be.

A director may be held personally liable for a contravention under Section 588G(2) if:

- a) the director was aware at the time there were such grounds for suspecting that the Company is insolvent, or would become insolvent by incurring that debt; or
- b) a reasonable person in a like position in a company in the Company's circumstances would have been aware.

If it can be established that the directors have contravened Section 588G then the director is personally liable under the Act. Section 588M of the Act entitles a Liquidator to recover as a debt due to the company, an amount equal to the amount of the loss or damage incurred by the company.

#### 11.4.8 Indicators of Insolvency

There is extensive judicial commentary on the subject to determining insolvency. One of the leading authorities is the matter of *ASIC v Plymin* which identified fourteen (14) indicators of insolvency as follows:

- i) continuing losses;
- ii) liquidity ratios below 1
- iii) overdue commonwealth and state taxes
- iv) poor relationship with present Bank, including liability to borrow further funds

- v) no access to alternative finance
- vi) inability to raise further equity capital
- vii) suppliers placing company on COD, or otherwise demanding special payments before resuming supply
- viii) creditors unpaid outside trading terms
- ix) special arrangements with selected creditors
- x) solicitors' letters, summons(es), judgments or warrants issued against the company
- xi) payments to creditors of rounded sums which are not reconcilable to specific invoices
- xii) inability to produce timely and accurate financial information to display the company's trading performance and financial position and make reliable forecasts.

While prepared in 2004, a study of insolvent trading was completed by Clayton Utz and Centre for Corporate Law and Securities Regulation at the University of Melbourne, which is the most recent available studies. The study examined 103 cases of insolvent trading from the inception of the company's legislation in 1961.

In the majority of cases where an insolvent trading claim was considered by a court, 74.8% were found guilty, however the median amount of compensation was \$110,600.

Since the study was completed there have been few subsequent insolvent trading cases.

#### 11.4.9 Directors Defences to an Insolvent Trading Claim

Pursuant to Section 588H of the Act, there are several defences available to a director for an insolvent trading claim which we list a few below:

- the director had reasonable grounds at the time the debt was incurred to expect the Company to be solvent and would remain solvent even after the debt was incurred;
- the director relied on another person to provide information about whether or not the Company was solvent;

- the director did not take part in the management of the company at the time due to illness or other good reason and
- the director took reasonable steps to prevent the company from incurring the debt.

It should be noted that pursuing a director for alleged breach of duty to prevent a company from trading whilst insolvent is complex and:

- in invariable involves litigation that is expensive with an uncertain outcome. Funding from creditors and/or a litigation funder may be necessary to pursue a claim;
- any action for insolvent trading would, in my experience, be defended by the director which necessarily involves the administration incurring significant costs and potentially long delays;
- there is a risk that a Court may dismiss any claim with a costs order against the company, thus reducing the funds available to creditors;
- any return to ordinary unsecured creditors would be contingent upon not only a successful action but also there being property against which to recover;
- insolvent trading claims are expensive to run, legal costs are generally high and it may be necessary to obtain expert reports in pursuit of a claim. Typically, not all costs, for running such an action, would be recovered; and
- creditors would need to fund this action as the current available assets are insufficient.

The question of potential defence to insolvent trading will ultimately turn upon the director's reasonable belief that the company was solvent, which includes the ability to realise assets or fund debts due from other sources of funding and the ability to raise additional capital.

#### 11.4.10 Unfair Preferences

An unfair preference is when a company and a creditor are parties to a transaction(s) and the creditor receives more than it would receive if the transaction(s) is set aside, and the creditor proved for the debt in the winding up. If it is ultimately determined that certain payments are potentially recoverable as unfair preferences, it would be necessary to establish that:

- The company was insolvent at the time the payments were made; and
- The recipient creditor had reasonable grounds to suspect that the company was insolvent at that time or would become insolvent as a result of the payment(s).

Generally, if a Liquidator is appointed, investigations into preferential payments and related parties will continue and recovery action may be pursued if deemed to be commercially viable to do so. Recipients of any payments considered as preferential may have defences available to them pursuant to the Act.

The preference assessment is only conducted in relation to Settlers Operations as Settlers Company did not make any payments to creditors (refer to my comments at section 10 of this report).

My investigations into the Companies' affairs have identified below significant payments (over \$10,000) to creditors during the relation-back period of \$616,381.

Payments of \$421,926 were made to resident buybacks, we have excluded these from the preference calculation.

The residual \$194,445 related to 4 creditors. As set out in the table below:

Payments	Amount (\$)
Potential Preferential Payments	616,381.46
Less Buy Back Payments	(421,926.01)
<b>Total Potential Preferential Payment before Recovery Costs</b>	<b>194,455.45</b>

Recovery of these preferences is subject to considerable recovery risk:

- The actual date of insolvency;
- The knowledge or suspicion by third parties of the insolvency and the company; and
- The general litigation risk as previously stated.

My assessment in respect to solvency at the time of the relevant payments needs to be established and note my preliminary findings as to insolvent trading at section 11.4.11 of this report.

The value of these recoveries net of costs and litigation risks is estimated at \$77,228 for the purposes of the determining a recovery in the liquidation scenario.

#### 11.4.11 Administrator's Preliminary Findings

- The buyback provisions of the Qld Act came into effect on 23 May 2019 at which time \$1.5M in buybacks became due and payable;
- The dispute with Ingenia Management over \$1.11M in management fees was subject to a genuine dispute and as such may not have been due and payable as at December 2018;

The directors commenced the May 2019 Sale Campaign on the basis a sale which would cover all liabilities could be achieved. On completion of the sale campaign and the failure to identify a suitable buyer the director appointed an Administrator.

#### Date of insolvency

I am therefore of the view that the Companies were insolvent immediately prior to my appointment on 26 August 2019 or 23 May 2019 when the buybacks became due and payable.

#### 11.4.12 Conclusion

A Liquidator, if appointed, would need to further investigate this matter with a view to assessing the merits of a claim. Any litigation would carry significant risk as the onus of proof rests with the Liquidator.

When assessing any potential litigation for insolvent trading, the Liquidator must assess the directors' financial position and their ability to meet any insolvent trading claim should be successfully proven. I am not empowered at law to demand from the Director statements as to their personal financial position.

### 11.5 OFFENCES

Pursuant to Sections 180 to 183 of the Act, directors and officers are required to:

- exercise their powers and discharge their duties with the degree of care and diligence of a reasonable person in their position;
- discharge their duties and exercise their powers in good faith and in the best interest of the Company and for a proper purpose; and

- not improperly use their position and information about the company to gain an advantage for themselves or others or cause detriment to the Company.

Pursuant to Section 438D of the Act, I am required to report to ASIC on:

- i) offences committed by past or present officers or members of the company; and
- ii) misapplication, retention, liabilities, accountability, negligence, default, breach of duty or breach of trust by persons who have taken part in the formation, promotion, administration, management or the winding up of a company.

Based on my investigations to date, my preliminary view is that the Director of the Companies has not contravened the requirements of Sections 180 to 183 of the Act.

### 11.6 REPORTING TO ASIC

Pursuant to Section 438D of the Act, if it appears to me as Administrator that a part or present officer, employee or member may be guilty of an offence; or a person who has taken part in the formation, promotion, management or winding up of the Company may have misapplied or retained company property or been guilty of negligence, default, breach of duty or trust; I am required to lodge a report on the matter with ASIC.

Should the Companies go into liquidation, the Liquidator is required to complete an investigation into the Companies' affairs and, if offences are identified, or if the Companies are unable to pay its creditors more than 50 cents in the dollar, lodge a further report with ASIC pursuant to Section 533 of the Act.

If I become aware of any information from my future investigations into the affairs of the Companies that require me to lodge an updated report with ASIC, I will do so. If a report is lodged with ASIC, the contents are confidential.

### 11.7 REQUEST FOR INFORMATION AND FUNDING

To assist in my investigations into the affairs of the Companies, creditors are requested to provide details, in writing, of the following:

- 1) evidence of indicators of insolvency such as letters of demand, statutory demands, bounced cheques, and instalment payment agreements;



- 2) evidence of fraud or misconduct by any party associated with the Companies; and
- 3) details of all known assets.

Creditors are requested to advise in writing, if they may be willing to fund any recovery actions available to a liquidator, if appointed. Pursuant to Section 564 of the Act, the Court can effectively alter the priority of payment of funds recovered to give an indemnifying creditor an advantage over others in consideration of the risk assumed by the indemnifying creditor. Creditors should be aware that orders by the Court are discretionary.

The above assessment is only a preliminary assessment and is not an exhaustive list of the issues considered to determine if the Companies traded whilst insolvent. If the Companies are placed into liquidation, this will be investigated further.

If the Companies are placed into liquidation, given the potential lack of funding available from asset realisations and the likely costs required to conduct insolvent trading proceedings, I am unlikely to pursue any civil proceedings against the director for insolvent trading without funding and the appropriate indemnities from creditors or other parties.

## 12. DEED OF COMPANY ARRANGEMENT

Forum Partners Australia (Syd) Pty Limited (the “**Deed Proposer**” or “**Forum Partners**”), an affiliate of the investment manager contracted to the shareholders of the Companies, has proposed a Deed of Company Arrangement (“**Proposed Deed**”).

The Proposed Deed is contained at **Annexure 10** to this report.

The Proposed Deed assumes the completion of the five Retirement Villages negotiated by the Receivers, where upon settlement it is anticipated that the Companies will have no outstanding employee entitlement or buy back liabilities and that debt owed to the WA Office of State Revenue will be paid on completion of the sale.

It is a precondition to the Proposed Deed that the sale to the Purchaser be completed or that the assets of the Companies be transferred at the Direction of the Secured Creditor on same or similar terms to the sale.

It is expected the Proposed Deed will result in a dividend of 76 cents in the dollar to admitted unsecured creditors (ultimate dividend will be dependent on the level of unsecured creditor claims and retention of title and PPSR claims, if any).

## 12.1 KEY TERMS

A summary of the Proposed Deed’s key terms follow:

- **Pre-Condition**, that the Retirement Villages be sold to a third party purchaser on the terms currently negotiated by the Receivers or transferred on same or similar terms by the Secured Creditor.
- The Secured Creditor does not participate in the Proposed Deed and forgives and releases the Companies from all its obligations and liabilities on completion of the sale;
- Related entities, including Ingenia Management, do not participate in the Proposed Deed and agrees to forgive and release the Companies from all their obligations and liabilities, and in turn the Companies shall forgive and release Ingenia Management from any claim or action;
- The Admitted unsecured creditors’ claims of Settlers Company be transferred to Settlers Operations for the purposes of distributing the Deed Fund;
- The Settlers Company Deed Administrator’s costs and disbursements will be transferred to Settlers Operations.
- The Administrator will become the Deed Administrator;
- Forum Partners will make a cash contribution of \$50,000 to the Deed Fund;
- The Deed Fund will also include cash at bank, if any;
- The Deed fund will be distributed in the following priority:
  1. Retention of title and PPSR claims, if any;
  2. Disbursements of the Administrator/Deed Administrator;
  3. Remuneration of the Administrator/Deed Administrator;
  4. Admitted Priority Creditors, such as employee entitlements and superannuation, if any; and
  5. Admitted Unsecured Creditors.

## 12.2 EXCLUDED CREDITORS

The Proposed Deed provides for the following creditors to be excluded creditors and not participate in any distribution of the Deed Fund:

- The Secured Creditor;
- Related entities, including but not limited to Ingenia Management;
- The Buyback creditors;
- Western Australian Office of State Revenue, if deemed a creditor of the Companies;
- Employees whose entitlements transferred on sale.

### 12.3 EFFECT ON SECURED CREDITORS

As at the date of this report, there are no known valid PPSR claims against the Companies following completion of sale.

It is proposed that the Secured Creditor will not participate in the Proposed Deed.

### 12.4 EFFECT ON EMPLOYEES

The proposed DOCA does not deal with employee entitlements. Only Settlers Operations had employees hence my comments below in relation to employee entitlements relate to Settlers Operations.

#### Recommendation to Employees

Section 444DA of the Act requires that, where a DOCA does not afford employees the same priorities provided by Section 556 of the Act, employees must first pass a resolution providing their agreement to the proposed DOCA. This requisite exists even if the Proposed Deed provides for a higher return.

It is a pre-condition of the Deed Proposal that employee entitlements are either transferred to the purchaser as part of a sale or settled by the Receivers.

In my opinion, Employees will receive a better outcome than a liquidation in that their entitlements will be settled by the Receivers or transferred to the purchaser.

In the event the Proposed Deed fails and the sale does not complete, employees will still be able to claim for their entitlements through the Fair Entitlements Guarantee Scheme.

It is anticipated that the Companies will have Nil employee entitlement claims following completion of the sale.

Employees will need to resolve prior to the meeting of creditors for the Companies that the provision that would otherwise be required under section 444DA(1) of the Act will not be included in the Proposed Deed to be considered at a meeting of creditors of the Companies held on Friday, 29 May 2020.

#### **Superannuation**

The balance sheet for Settlers Operations shows outstanding superannuation employee entitlements of \$14,516 as at 26 August 2019.

#### **Other Entitlement Claims**

The balance sheet and claims from employees disclose unpaid annual leave by Settlers Operations in the amount of \$19,404 and other entitlements (Wages, LSL, Personal Leave) being \$25,853 as at 26 August 2019.

I have been informed by the Receivers that the majority of employees (11) will continue employment with the incoming purchaser with service and accrued entitlements to be transferred on sale completion. The remaining employees that will not be continuing will be paid their entitlements in full on sale completion. Thus, I do not expect any priority claims from employees once the sale of the Retirement Villages completes or the assets of the Companies are transferred at the request of the Secured Creditor.

## 13. ESTIMATED RETURN TO CREDITORS

**Annexure 11** to this report contains a summary comparative of the potential dividend distributions to creditors under a Liquidation scenario and a DOCA scenario for each of the Companies based on my investigations and best estimates as at the date of this report. I have included my estimated realisable values ("**ERV**") as at the date of my appointment (26 August 2019).

**Please note** that my ERVs for the DOCA and Liquidation scenarios assume that the sale as negotiated by the Receivers proceeds and completes as contemplated (refer to section 8 of this report).

In relation to Settlers Operations, under a liquidation scenario the dividend would be 7 cents. Under DOCA scenario, unsecured creditors of the Companies are estimated to receive 76 cents in the dollar.

Given that the only creditor of Settlers Company is the Secured Creditor, under the liquidation scenario the estimated return would be subject to realisation value of the Properties and Retirement Villages by the Receivers which remains confidential. Under the DOCA scenario, the Secured Creditor does not participate in the Proposed Deed and all creditor claims are transferred to Settlers Operations, hence an estimated return to creditors of Settlers Company in a DOCA scenario is the same as Settlers Operations.

### 13.1 ESTIMATED DEFICIENCY

The Settlers Operations' estimated deficiency of assets to meet liabilities as at the date of this report under a Liquidation scenario is (\$1,203,311) and under a DOCA scenario is (\$15,968).

The Settlers Company's estimated deficiency of assets to meet liabilities as at the date of this report under a Liquidation scenario is unknown, most likely Nil given the Receivers' indication that the sale proceeds of the Retirement Villages would result in a shortfall to the Secured Creditor.

Under the terms of the Proposed Deed, the admitted unsecured creditors of the Settlers Company and costs and disbursements of the Deed Administrator will be transferred to Settlers Operations.

### 13.2 REAL PROPERTIES

Refer to Section 8 of this report for the Receivers' sale of Companies' assets.

### 13.3 DEED CONTRIBUTION

Under a DOCA scenario, the Deed Proposer will make a Deed Fund contribution of \$50,000 to Settlers Operations. Please refer to section 12 for details regarding the Proposed Deed.

A copy of the Proposed Deed is contained at **Annexure 10**.

### 13.4 PPSR CLAIMS

Refer to Section 6.4 for actions in relation to the PPSR Creditors.

### 13.5 SECURED CREDITOR

The Secured Creditor of the Companies had claims in the amount of \$25,544,074 as at the date of my appointment and their claim ranks in priority to ordinary unsecured creditors.

### 13.6 CREDITOR CLAIMS

According to the ERV table contained in **Annexure 11**, the unsecured creditor claims of the Companies as at 26 August 2019, assessed from the books and records and the proof of debts lodged by trading creditors, is \$156,344.

I have been informed by the Receivers that there were several trade creditors paid as an essential property during their operation of the Retirement Villages, which has subsequently reduced trade creditors claims to \$65,738.

The total amount of trade creditor claims may vary once formal proof of debts are sought and adjudicated upon.

## 14. OPTIONS AVAILABLE TO CREDITORS AND ADMINISTRATOR'S RECOMMENDATION

Pursuant to IPR 75-225 of the Act, I am required to convene a meeting of creditors within five (5) business days before or after the period of twenty (20) business days beginning on the day after my appointment or by order of the Court (as applicable here). At this meeting, creditors may resolve one of the following options:

- 1) that the administration should end;
- 2) that the Companies execute a Deed of Company Arrangement;
- 3) that the Companies be wound up; or

Pursuant to IPR 75-225(3)(b) of the Act I am required to make a statement and give the reasons for my opinions in relation to the following matters:

- 1) whether it would be in the creditors' interests for the Companies to execute a Deed of Company Arrangement; or
- 2) whether it would be in the creditors' interests for the administration to end; or
- 3) whether it would be in the creditors' interests for the Companies to be wound up.

## 14.1 OPTIONS AVAILABLE TO CREDITORS

It should be noted that regardless of the recommendations of the Administrator, the future of the Companies will be decided by the creditors of the Companies by resolution at the meeting to be held on 29 May 2020 (or any adjourned meeting thereof); or by the Court.

### 14.1.1 The Companies execute a Deed of Company Arrangement

It is my recommendation that creditors resolve to accept the Proposed Deed from Forum Partners, as this will result in a greater and more timely return to creditors than would be achieved if the Companies were wound up.

Please refer to section 12 of this report for a summary of the Proposed Deed.

#### Advantages of Proposed Deed

The advantages of the Proposed Deed, assuming it is fully effectuated, when compared to a liquidation scenario are detailed as follows:

- unsecured creditors receive a greater return than liquidation; and
- payment is received by creditors within 1 - 6 months' subject to adjudication and completion of the sale of the Companies' Retirement Villages by the Receivers.

#### Disadvantages of the Proposed Deed

- Any legal actions potentially available to a Liquidator will not be available to the Deed Administrator of the Companies. The actions not available include, but are not limited to, if applicable, the following:
  - a) unfair preference recoveries;
  - b) uncommercial transaction recoveries;

- c) unreasonable director-related transaction recoveries; and
- d) insolvent trading action against the directors.

- In the event these conditions aren't met, the company would be placed into liquidation. In this event creditors position would not worsen.
- The significant timeframe it may take to prosecute and recover the benefit of these transactions could be 18 months to 2 years.

### 14.1.2 The Administration should end

Creditors may resolve that the administration of the Companies should end and that control of the Companies should be handed back to their common director. In my opinion, the Companies would not be in a position to trade and its liabilities would continue to increase. Accordingly, I do not recommend this option.

### 14.1.3 The Company be wound up

The appointment of a Liquidator to the Companies will allow further investigations to be conducted and voidable transactions to be pursued if it is commercially viable to do so.

Given the Proposed Deed and that the Companies will have no realisable assets following completion of the Receivers' sale of their Retirement Villages. I am of the opinion that this is not a viable option for creditors.

## 14.2 ADMINISTRATOR'S RECOMMENDATION

**It is my opinion that it would be in the best interests of creditors of the Companies to execute a DOCA on the terms of the Proposed Deed.**

## 15. OTHER MATERIAL INFORMATION

I am not aware of any other information that is materially relevant to creditors being able to make an informed decision on the Companies' future.

## 16. SECOND MEETING OF CREDITORS

A Second Meeting of creditors for the Companies has been convened for Friday, 29 May 2020 at 11.30am AEST (9.30am Perth time).

The purpose of this meeting is to:

- discuss this report and the position of the administration;
- determine the future of the Companies;
- consider the appointment of a Committee of Inspection and where desired to appoint member to that Committee;
- consider and pass resolutions in respect of my remuneration; and
- consider and pass a resolution for the early destruction of the Companies' books and records.

A Notice of Meeting of Creditors in accordance with Corporations Regulation 5.6.12(2), Form 535 - Formal Proof of Debt, Form 532 –Appointment of Proxy forms are enclosed for each of the Companies (**Annexures 1**).

In accordance with IPR 75-85, only those creditors who have lodged a formal Proof of Debt or Claim are entitled to vote at the meeting of creditors.

Creditors who have not lodged a Proof of Debt form to date are requested to complete this form and lodge it with my office or alternatively with the Chairperson at the meeting of creditors. Where the creditor is a company, the attendee is required to hold an Appointment of Proxy form in the name of the company.

I request that all documentation is received by me no later than Wednesday 27 May 2020, **4.00pm** to facilitate checking and recording.

This meeting will be held using virtual facilities only, consistent with government policies in place due to the COVID-19 and in accordance with IPR 75-35.

## 16.1 CASTING VOTE

Creditors should note that at the second meeting of creditors of the Companies, all motions will be resolved a poll pursuant to Corporations Regulations 5.6.19 and 5.6.20.

*A poll could be demanded before or on the declaration of a result on the voices by:*

- a) *the Chairperson; or*

- b) *at least two persons present in person, by proxy or by attorney and entitled to vote at the meeting; or*
- c) *a person present in person, by proxy or by attorney and representing not less than 10% of the total voting rights of all creditors entitled to vote at the meeting.*

A resolution on a poll is carried if:

- a) a majority of the creditors voting (whether in person or by attorney or by proxy) vote in favour of; and
- b) the value of the debts owned by the corporation to those voting in favour is more than half the debts owed to all creditors voting.

The Chairperson may exercise a "casting vote" if no result was reached for or against a resolution on a poll (Corporations Regulations 5.6.21(4)). It is anticipated that the Chairperson may have to exercise a "casting vote" when creditors shall consider the future of the Companies, particularly when contemplating the Proposed Deed. In this regard please find attached as **Annexure 12** the ARITA Complaints Investigations Procedures for creditors' reference.

## 17. REMUNERATION OF THE ADMINISTRATOR / LIQUIDATOR / DEED ADMINISTRATOR

Section 449E(1) of the Act states as follows:

*"The Administrator of a company under administration, or of a deed of company arrangement, is entitled to:*

- a) *such remuneration as is fixed by a resolution of the company's creditors passed at a meeting convened under IPR 75-225, or under Section 439A of 445F, as the case maybe; or*
- b) *if no remuneration is fixed – such remuneration as the Court fixes on the application of the Administrator"*

A computer printout of my and my staff's time costs will be tabled at the meeting of creditors.

I will be seeking approval of the following resolutions at the upcoming meeting of creditors.



#### SETTLERS COMPANY PTY LIMITED

- Resolution 5 - Remuneration as Voluntary Administrator from 26 August 2019 to 21 May 2020 in the amount of \$12,703.17 excluding GST;
- Resolution 6 - Remuneration as Voluntary Administrator from 22 May 2020 to conclusion of the Administration in the amount of \$3,110.00 excluding GST;
- Resolution 7 - Remuneration as Deed Administrator (if applicable) set on an interim basis at an upper limit of \$3,090.00 excluding GST; and
- Resolution 8 - Remuneration as Liquidator (if applicable) set on an interim basis at an upper limit of \$6,030.00 excluding GST.

#### SETTLERS OPERATIONS PTY LIMITED

- Resolution 5 - Remuneration as Voluntary Administrator from 26 August 2019 to 21 May 2020 in the amount of \$124,910.75 excluding GST;
- Resolution 6 - Remuneration as Voluntary Administrator from 22 May 2020 to conclusion of the Administration in the amount of \$6,960.00 excluding GST;
- Resolution 7 - Remuneration as Deed Administrator (if applicable) set on an interim basis at an upper limit of \$21,932.00 excluding GST; and
- Resolution 8 - Remuneration as Liquidator (if applicable) set on an interim basis at an upper limit of \$19,000.00 excluding GST.

It will be necessary to convene a further meeting of creditors to obtain approval of any additional fees or obtain Court approval or the approval of a Committee of Inspection to draw any additional fees as Liquidator.

Creditors should note that the extent of remuneration will be limited to the funds available and may be less than the remuneration approval being sought.

Attached as **Annexure 12** is a Summary of Payments and Receipts during the administration period as at the date of this report.

Attached as **Annexure 5** is the Remuneration Report for creditors perusal.

## 18. MEETING OF ELIGIBLE EMPLOYEES

A Meeting of Eligible Employees of Settlers Operations has been convened for Friday, 29 May 2020 at 11.00am AEST (9.00am Perth time).

The purpose of this meeting is for eligible employee creditors to consider the Proposed Deed and that the provision that would otherwise be required under section 444DA(1) of the Act will not be included in the Proposed Deed that will be considered by a meeting of creditors of the Companies held on Friday, 29 May 2020.

Eligible employees are directed to the notice of meeting of eligible employees at **Annexure 2**.

## 19. EARLY DESTRUCTION OF BOOKS AND RECORDS (IF COMPANY IS IN LIQUIDATION)

Where a company has been wound up, the Liquidator is required to retain all books and records of the company and of the Liquidator that are relevant to the affairs of the company at or subsequent to the commencement of the winding up for a period of five (5) years from the date of deregistration of the Companies.

This requirement may however be modified by permission and is subject to the provisions of the *Income Tax Assessment Act*.

Furthermore, the directors of the company immediately before deregistration must keep the Companies' books and records (other than those referred to in the previous paragraph) for three (3) years after deregistration of the Companies.

*The Income Tax Assessment Act* requires every person carrying on a business to keep sufficient records and retain such records for a period of at least five (5) years after the completion of transactions, acts or operations to which those records relate. Such records do not need to be preserved if they are records of a company which has gone into liquidation and which has been finally dissolved.

Consequently, once dissolution has occurred, the provisions of the *Income Tax Assessment Act* do not require a liquidator or directors to preserve the books and records.

Pursuant to Section 542 of the Act, a Liquidator in a creditors' voluntary winding up may reduce the five (5) year retention period required after deregistration by seeking approval from creditors and ASIC of such a proposed action.

At the forthcoming meeting of creditors, I will be asking creditors to consider the following resolution should the Companies be placed into liquidation:

*"to authorise the liquidator to apply to the Australian Securities & Investments Commission, at their discretion, for the destruction of the books and records of the company within a period of less than five (5) years after the deregistration of the Companies".*

## 20. FINALISATION OF THE ADMINISTRATION

I will correspond with creditors further upon conclusion of the voluntary administration and the outcome of the Second Meeting of Creditors.

If you have any queries with respect to the administration, please do not hesitate to my office via email on [settlers@demasiagroup.com](mailto:settlers@demasiagroup.com).

Dated this 22 May 2020



**DAMIEN M HODGKINSON**  
ADMINISTRATOR





**DEM** ASIA GROUP

[WWW.DEMASIAGROUP.COM](http://WWW.DEMASIAGROUP.COM)

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DEM ASIA GROUP

## CORPORATIONS ACT 2001

*Section 439A*Insolvency Practice Rules (Corporations)  
75-10, 75-15 & 75-225**NOTICE OF MEETING OF CREDITORS****SETTLERS COMPANY PTY LIMITED ACN 606 610 904  
ATF SETTLERS PROPERTY TRUST ABN 78 694 717 061  
AND SETTLERS OPERATIONS PTY LIMITED ACN 609 526 605  
(ADMINISTRATOR APPOINTED)  
(RECEIVERS & MANAGERS APPOINTED)  
("THE COMPANIES")**

NOTICE is given that a meeting of the creditors of the Companies will be held on Friday, 29 May 2020 at 11:30AM AEST. The meeting will be held using **virtual facilities only**, consistent with government policies in place due to the COVID-19, in accordance with IPR 75-35.

**AGENDA**

1. To receive a Report on the Companies' Activities and Property.
2. To receive a statement to creditors by the director, explaining the circumstances leading up to the Administration.
3. To receive the report of the Administrator.
4. Questions from creditors.
5. For creditors to resolve:
  - a. that the Companies execute a Deed of Company Arrangement; or
  - b. that the administration should end; or
  - c. that the Companies be wound up.
6. To fix the remuneration of the Administrator.
7. If the Companies are to execute a Deed of Company Arrangement to fix the remuneration of the Deed Administrator.
8. If the Companies are wound up, to consider appointing a Committee of Inspection.
9. If no Committee is appointed, to fix the remuneration of the Liquidator.
10. If no Committee is appointed, to consider the destruction of the books and records at the conclusion of the winding up.
11. Any other business that may be lawfully brought forward.

**Virtual facilities will be available** for the meeting. Please note under Insolvency Practice Rules (Corporations) (IPR) 75-35 that if you wish to participate in the meeting using such facilities you must provide the convener, not later than Wednesday, 27 May 2020 by 4:00pm AEST:

- (a) A written statement by email setting out:

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PAGE 1



- (i) the name of the person and of the proxy or attorney (if any); and
- (ii) an address to which notices to the person, proxy or attorney may be sent; and
- (iii) a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.

Creditors wishing to attend the second meeting of creditors must register by emailing the above information to [jenny.kim@demasiagroup.com](mailto:jenny.kim@demasiagroup.com) by Wednesday, 27 May 2020 by 4.00pm AEST. Once you have registered, an email with a link will be provided to join the virtual meeting.

Proxies to be used at the meeting should be given to me as Administrator to the person named a convening the meeting. A creditor can only be represented by proxy or by an attorney pursuant to IPR 75-150 & 75-155 and if a body corporate by a representative appointed pursuant to Section 250D.

Creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the company in accordance with IPR 75-85 and that claim has been admitted for voting purposes wholly or in part by the Administrator.

DATED this 22<sup>nd</sup> day of May 2020.

A handwritten signature in black ink, appearing to read 'Damien Hodgkinson'.

DAMIEN MARK HODGKINSON  
**ADMINISTRATOR**

DEM Australasia Pty Limited  
Suite 4.02, Level 4  
249 Pitt Street  
Sydney NSW 2000

Telephone: (02) 8004 4315





DEM ASIA GROUP

CORPORATIONS ACT 2001  
Section 439A

Insolvency Practice Rules (Corporations)  
75-10, 75-15 & 75-225

**NOTICE OF MEETING OF ELIGIBLE EMPLOYEES**

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

NOTICE is given that a meeting of eligible employees of the Companies will be held on Friday, 29 May 2020 at 11:00AM AEST. The meeting will be held using **virtual facilities only**, consistent with government policies in place due to the COVID-19, in accordance with IPR 75-35.

**AGENDA**

1. To receive and discuss the report of the Administrator dated 22 May 2020 and provide a general update on the status of the Administration.
2. Consider a resolution pursuant to Section 444DA(2)(a) of the Corporations Act 2001 (**the Act**) that the provision that would otherwise be required under Section 444DA(1) of the Act will not be included in the proposed Deed of Company Arrangement (**DOCA**) to be considered by the meeting of creditors to be held on Friday, 29 May 2020 at 11:30am.
3. Any other business that may be lawfully brought forward.

**Virtual facilities will be available** for the meeting. Please note under Insolvency Practice Rules (Corporations) (IPR) 75-35 that if you wish to participate in the meeting using such facilities you must provide the convener, not later than Wednesday, 27 May 2020 by 4:00pm AEST:

- (a) A written statement by email setting out:
  - (i) the name of the person and of the proxy or attorney (if any); and
  - (ii) an address to which notices to the person, proxy or attorney may be sent; and
  - (iii) a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.

Creditors wishing to attend the second meeting of creditors must register by emailing the above information to [jenny.kim@demasiagroup.com](mailto:jenny.kim@demasiagroup.com) by Wednesday, 27 May 2020 by 4.00pm AEST. Once you have registered, an email with a link will be provided to join the virtual meeting.

Proxies to be used at the meeting should be given to me as Administrator to the person named a convening the meeting. A creditor can only be represented by proxy or by an attorney pursuant to IPR 75-150 & 75-155 and if a body corporate by a representative appointed pursuant to Section 250D.





Creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the company in accordance with IPR 75-85 and that claim has been admitted for voting purposes wholly or in part by the Administrator.

DATED this 22<sup>nd</sup> day of May 2020.

DAMIEN MARK HODGKINSON  
**ADMINISTRATOR**

DEM Australasia Pty Limited  
Suite 4.02, Level 4  
249 Pitt Street  
Sydney NSW 2000

Telephone: (02) 8004 4315

## ASX / Media Release

28 September 2016

### Ingenia announces sell-down of the Group's DMF portfolio

Highlights:

- Divestment of majority of the portfolio (five assets) - Ingenia to retain a minority stake and management rights
- Immediately releases net cash of \$41 million for redeployment in growth opportunities
- Proceeds to fund further growth in Ingenia's lifestyle communities business

Ingenia Communities Group (INA) today announced it had exchanged contracts for the sale of the majority of the Group's Deferred Management Fee (DMF) portfolio.

Ingenia has agreed all terms with Forum Partners, a global real estate investment management firm with US\$4.5 billion under management, for the transfer of the majority of the Group's DMF assets into a new vehicle, to be owned jointly by Forum and Ingenia. Forum, who acquired Ingenia's New Zealand student accommodation portfolio in 2014, has significant investments in the Australia, New Zealand and the Asia Pacific region. The five communities being divested represent approximately 82% of the DMF portfolio value (at 30 June 2016). The price represents an 11.7% discount to the 30 June book value (after stock monetisation).

Ingenia's residual net equity interest in the new vehicle will be approximately \$2.2 million with the portfolio having five year, stand-alone, non-recourse debt.

Ingenia has also entered into an asset management agreement with Forum and will jointly provide management and operating services to the portfolio under the existing Settlers brand. This will leverage the Group's existing systems, expertise and scale, particularly as Forum seeks to grow and expand the portfolio.

Consistent with the Group's objective to refocus the business on Ingenia's Garden Village and lifestyle portfolios, Ingenia expects to exit in the medium term as Forum grows the portfolio and internalises management.

Ingenia CEO, Simon Owen, said he was pleased to announce finalisation of this transaction.

“The sale of these assets will provide Ingenia with additional funds to invest in the ongoing expansion of our lifestyle portfolio and represents a major step in delivering our strategy to divest the Group’s remaining non-core assets, refocusing the business on rental assets,” Mr Owen said.

“Forum is not only an experienced global real estate investor but they are well known to us from when we divested our New Zealand student accommodation portfolio to them back in 2014.”

“We are continuing to work towards divesting the remaining three assets which had a book value at 30 June of \$11.3 million and are subject to alternate sales strategies,” Mr Owen said.

With the acquisitions of the Happy Wanderer Caravan Park at Hervey Bay and Avina Van Village in Sydney due to settle in October, Ingenia has continued to progress its pipeline of acquisitions. In addition to this, Ingenia recently received DA approval for 55 homes at The Grange in Morisset demonstrating our ongoing track record of delivering on the Group’s development program.

Ingenia expects to settle the transaction by the end of 2016 and to redeploy the funds within six months.

**ENDS**

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**For further information please contact:**

Simon Owen	Donna Byrne
Chief Executive Officer	Group Investor Relations Manager
P 02 8263 0501	P 02 8263 0507
M 0412 389 339	M 0401 711 542

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Ingenia Communities Holdings Limited (ACN 154 444 925), Ingenia Communities Fund (ASRN 107 459 576) and Ingenia Communities Management Trust (ARSN 122 928 410). The Responsible Entity for each scheme is Ingenia Communities RE Limited (ACN 154 464 990) (AFSL415862).



Settlers Lakeside, WA

**INGENIA COMMUNITIES GROUP**

**DMF Transaction**

# Transaction Benefits

## STRATEGY

- ✓ Delivers on strategic objective to focus on lifestyle and garden village communities
- ✓ Materially reduces Ingenia's exposure to DMF assets (net investment reduced to \$13.5 million – 3% of portfolio)
- ✓ Leverages Ingenia's scale and management platform

## FINANCIAL

- ✓ Sale releases cash proceeds of \$41 million to accelerate lifestyle portfolio growth
- ✓ Proceeds to be invested into a mix of acquisitions generating ~8% yields and development projects with >20% IRRs

## OUTLOOK

- ✓ Medium term exit as portfolio grows and management is internalised
- ✓ Improves medium term ROE as capital redeployed into lifestyle portfolio opportunities generating higher returns



# Transaction Overview

- > Contract exchanged for divestment of the majority of the DMF portfolio
  - Forum Partners and Ingenia to establish a separate vehicle to acquire five of Ingenia's existing DMF assets
  - Ingenia to retain a 10% economic interest (\$2.2 million net investment)
- > Five assets (82% of the portfolio by value) to be sold to new vehicle
  - Ridgewood Rise (WA)
  - Lakeside (WA)
  - Rockhampton (QLD)
  - Forest Lake (QLD)
  - Ridge Estate (NSW)
- > Funding in place with international bank
  - Funding is non recourse to Ingenia





# Transaction Overview

- > Forum Partners plans to grow the portfolio and internalise management
  - Ingenia has no obligation to invest further capital
- > Management services agreement in place under which Ingenia will receive a fee (in excess of costs) to provide services to the portfolio
  - Services include portfolio management, development management and sales
- > Acquisition price represents 11.7% discount to June 30 book value (after stock monetisation)
- > Transaction to settle Q4 2016



# Transaction Impact

- > Leverages Ingenia's existing platform, retaining scale efficiencies while lifestyle business continues to grow
- > Proforma LVR (post deployment of June placement proceeds and DMF divestment) of 30.8%
- > NAV reduced to \$2.42 (proforma basis) – from \$2.45 at June 2016
- > DMF investment reduced to \$13.5 million
  - \$2.2 million net investment in Forum vehicle
  - \$11.3 million in three remaining assets (at 30 June values)



# Disclaimer

This presentation was prepared by Ingenia Communities Holdings Limited (ACN 154 444 925) and Ingenia Communities RE Limited (ACN 154 464 990) as responsible entity for Ingenia Communities Fund (ARSN 107 459 576) and Ingenia Communities Management Trust (ARSN 122 928 410) (together Ingenia Communities Group, INA or the Group). Information contained in this presentation is current as at 28 September 2016 unless otherwise stated.

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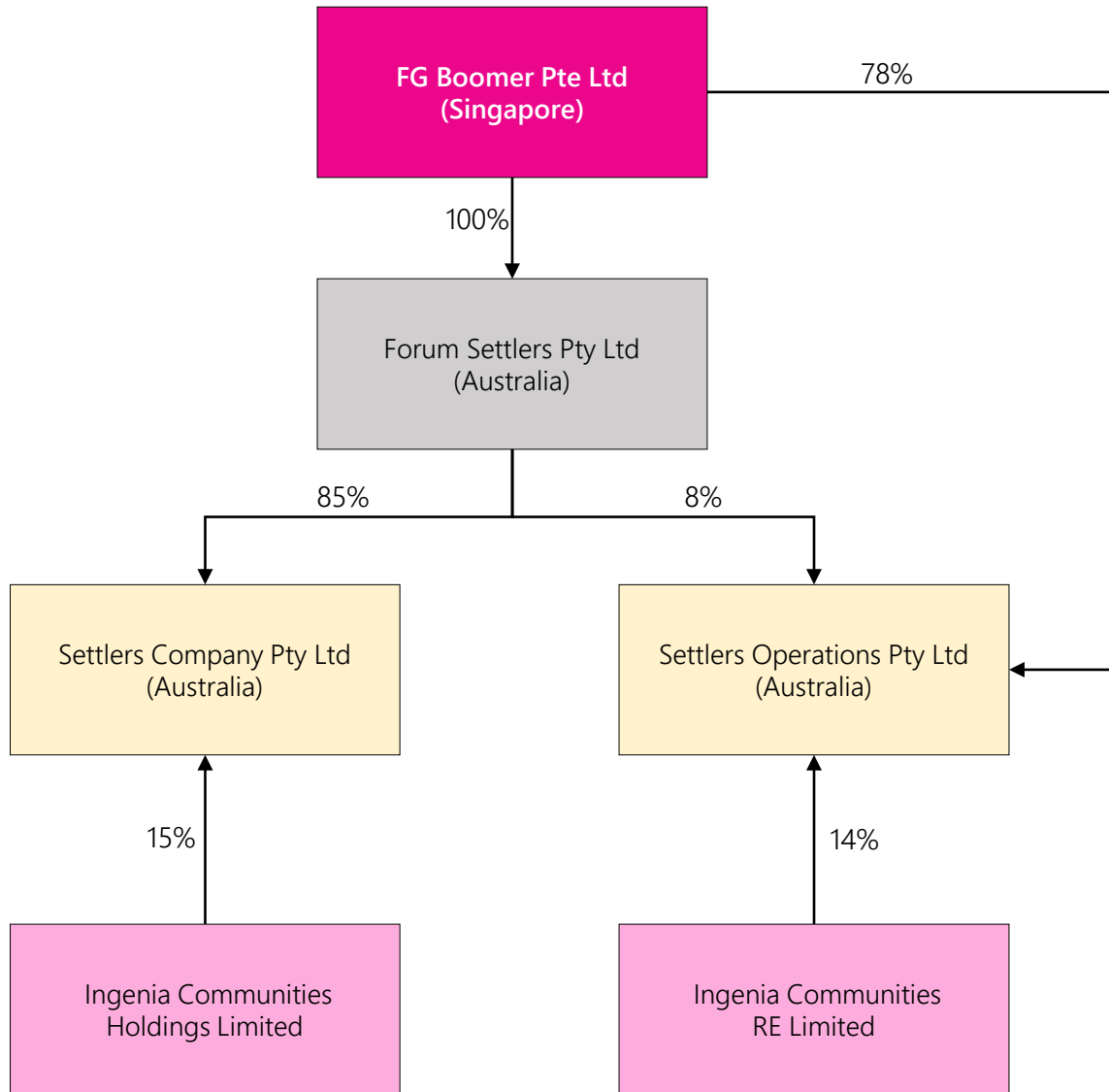
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# Corporate Structure





DEM ASIA GROUP

CORPORATIONS ACT 2001  
Insolvency Practice Rules (Corporations) 70-45(3)

### Remuneration Approval Report

**SETTLERS OPERATIONS PTY LIMITED ACN 609 526 605**  
**(ADMINISTRATOR APPOINTED) (RECEIVERS & MANAGERS APPOINTED)**  
**(RECEIVERS & MANAGERS APPOINTED)**  
**("THE COMPANY")**

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Part 1:	Declaration
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Part 12:	Remuneration Recoverable from External Sources
Part 13:	Disbursements
Part 14:	Report on Progress of the Administration
Part 15:	Queries
Part 16:	Information Sheet
Part 17:	Initial Advice to Directors

#### Part 1 Declaration

I, Damien Hodgkinson of DEM Australasia Pty Limited, have undertaken a proper assessment of this remuneration claim for my appointment as Administrator of Settlers Operations Pty Limited in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Administration.

#### Part 2 Executive Summary

To date, no remuneration has been approved and paid in this administration. This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (GST Excl.)
<b>CURRENT REMUNERATION APPROVAL SOUGHT</b>		
<i>Voluntary Administration</i>		
Resolution 1: Work completed from the period 26 August 2019 to 21 May 2020	Part 3	\$124,910.75





Resolution 2: Work to be completed from 22 May 2020 to Conclusion	Part 5	\$6,960.00
<b>Total Voluntary Administration Remuneration</b>		<b>\$131,870.75</b>
<i>Deed of Company Arrangement (if applicable)</i>		
Resolution 3: Commencement of Deed of Company Arrangement to Conclusion*	Part 7	\$21,932.00
<b>Total Deed of Company Arrangement Remuneration</b>		<b>\$21,932.00</b>
<i>Liquidation (if applicable)</i>		
Resolution 4: Commencement of Liquidation to Conclusion*	Part 9	\$19,000.00
<b>Total Liquidation Remuneration</b>		<b>\$19,000.00</b>
*Approval for future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors		

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

### Part 3 Description of work completed

#### Resolution 1

<b>Company:</b>	SETTLERS OPERATIONS PTY LIMITED (ADMINISTRATOR APPOINTED) (RECEIVERS & MANAGERS APPOINTED)	<b>Period From:</b>	26 August 2019 21 May 2020
<b>Practitioner(s):</b>	Damien Hodgkinson	<b>Period To:</b>	
<b>Administration Type:</b>	Voluntary Administration	<b>Firm:</b>	DEM Australasia Pty Limited

Category	Task Area	Task
<b>Administration</b>  Number of hours: 53.9 Cost: \$22,889.18	Correspondence	Correspondence
	ASIC forms and lodgements	Preparing and lodging ASIC Form 505 Commence an administration of a specified company
		Preparing and lodging ASIC Form 5602 Annual administration return
		Preparing and lodging ASIC Form 5601 Statutory report by a liquidator to creditors
		Preparing and lodging ASIC Form 524 Presentation of accounts and statement ("structured data")
		Preparing and lodging ASIC Form 5011 Copy of minutes of meeting
		Preparing and lodging ASIC Form
		Preparing and lodging ASIC Form 531 Copy of DIRRI
		Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment
		Preparing BAS
		Completing STP reporting obligations
	Bank account administration	Preparing correspondence opening and closing accounts
		Retrieving bank statements
		Bank account reconciliations
		Correspondence with bank regarding specific transfers
		Requesting bank statements





	Books and Records/Storage	Dealing with records in storage
		Sending job files to storage
		Correspondence
	Document maintenance/file review/checklist	First month administration review
		Six month administration review
		Filing of documents
		File reviews
		Updating checklists
		Create new file in CORE IPS
		Create new DMS file in SharePoint
	Finalisation	Notifying ATO of finalisation
		Completing checklists
		Cancelling ABN/GST/PAYG registration
		Finalising WIP
	Insurance	Identification of potential issues requiring attention of insurance specialists
		Correspondence with insurer regarding initial and ongoing insurance requirements
Reviewing insurance policies		
Correspondence with previous brokers		
Planning/Review	Discussions regarding status of administration	
<b>Assets</b>  Number of hours: 11.6 Cost: \$6,905.10	Other Assets	Asset subject to specific charges
		Other Assets
	Debtors	Correspondence with debtors
		Reviewing and assessing debtors' ledgers
		Liaising with debt collectors and solicitors
	Leasing	Reviewing leasing documents
		Liaising with owners/lesors
		Tasks associated with disclaiming leases
	<b>Creditors</b>  Number of hours: 143.6 Cost: \$55,029.73	Creditor Enquiries, Requests & Directions
Maintaining creditor request log		
Review and prepare initial correspondence to creditors and their representatives		
Documenting		
Considering reasonableness of creditor requests		
Obtaining legal advice on requests		
Documenting reasons for complying or not complying with requests or directions		
Creditor reports		Compiling information requested by creditors
		Preparing Statutory Report by Liquidator
		Preparing Statutory Report by Voluntary Administrator's
		Preparing meeting notices
		Preparing general reports to creditors
Dealing with proofs of debt		Preparing investigation report to creditors
		Receipting and filing POD when not related to a dividend
Meeting of Creditors		Corresponding with OSR and ATO regarding POD when not related to a dividend
		Preparation of meeting notices, proxies and advertisements
		Forward notice of meeting to all known creditors
		Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting
		Preparation and lodgement of minutes of meetings with ASIC
Proposal to Creditors		Responding to stakeholder queries and questions immediately following meeting
		Preparing proposal notices and voting forms



		Forward notice of proposal to all known creditors
		Reviewing votes and determine outcome of proposal
		Preparation and lodgement of proposal outcome with ASIC
	Retention of Claims	Search to the PPSR register
		Notify PMSI creditors identified from PPSR register
		Receive initial notification of creditor's intention to claim
		Provision of retention of title claim form
		Receive completed retention of title claim form
		Maintain retention of title file
		Meeting claimant on site to identify goods
		Adjudicate retention of title claim
		Forward correspondence to claimant notifying outcome of adjudication
		Preparation of payment vouchers to satisfy valid claim
		Preparation of correspondence to claimant to accompany payment claim (if valid)
	Secure Creditor reporting	Notifying PPSR registered creditors of appointment
		Preparing reports to secured creditor
		Dealing with FTI the Secured Creditor
	Shareholder queries	Initial day one letters
		ITAA Section 104-145(1) declarations
		Responding to any shareholder legal action
<b>Dividend</b> Number of hours: 0 Cost: nil	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend
		Advertisement of intention to declare dividend
		Obtain clearance from ATO to allow distribution of company's assets
		Preparation of dividend calculation
		Preparation of correspondence to creditors announcing declaration of dividend
		Advertise announcement of dividend
		Preparation of distribution
		Preparation of dividend file
		Preparation of payment vouchers to pay dividend
		Preparation of correspondence to creditors enclosing payment of dividend
	Processing proofs of debt (POD)	Preparation of correspondence to potential creditors inviting lodgement of POD
		Receipt of POD
		Maintain POD register
		Adjudicating POD
		Request further information from claimants regarding POD
		Preparation of correspondence to claimant advising outcome of adjudication
<b>Employees</b> Number of hours: 6.4 Cost: \$2,884.50	Workers compensation claims	Review insurance policies
		Receipt of claim
		Liaising with claimant
		Liaising with insurers and solicitors regarding claims
		Identification of potential issues requiring attention of insurance specialists
		Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements
		Correspondence with previous brokers
	Calculation of entitlements	Calculating employee entitlements
		Reviewing employee files and company's books and records
		Reconciling superannuation accounts
		Reviewing awards
		Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend
		Correspondence with ATO regarding SGC proof of debt
		Calculating dividend rate



		Preparing dividend file
		Advertising dividend notice
		Preparing distribution
		Receipting POD
		Adjudicating POD
		Ensuring PAYG is remitted to ATO
	Employee enquiries	Receive and follow up employee enquiries via telephone
		Maintain employee enquiry register
		Review and prepare correspondence to creditors and their representatives via email and post
		Preparation of letters to employees advising of their entitlements and options available
		Receive and prepare correspondence in response to employee's objection to leave entitlements
	FEG	Correspondence with FEG
		Preparing notification spreadsheet
		Preparing FEG quotations
		Completing FEG questionnaires
	Other employee issues	Correspondence with Child Support
		Correspondence with Centrelink
<b>Investigation</b> Number of hours: 74.8 Cost: \$37,202.25	ASIC reporting	Preparing statutory investigation reports
		Preparing affidavits seeking non-lodgement
		Liaising with ASIC
	Conducting investigation	Conducting and summarising statutory searches
		Preparation of comparative financial statements
		Preparation of deficiency statement
		Review of specific transactions and liaising with directors regarding certain transactions
		Preparation of investigation file
		Lodgement of investigation with the ASIC
		Preparation and lodgement of supplementary report if required
		Collection of company books and records
		Correspondence with ASIC
		Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements on ROCAP
		Review and preparation of company nature and history
	Examinations	Preparing brief to solicitor
		Liaising with solicitor(s) regarding examinations
		Attendance at examination
		Reviewing examination transcripts
		Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation/Recoveries	Internal meetings to discuss status of litigation
	Preparing brief to solicitors	
	Liaising with solicitors regarding recovery actions	
	Attending to negotiations	
	Attending to settlement matters	
<b>Trade On</b> Number of hours: 0 Cost: nil	Budgeting and financial reporting	Reviewing company's budgets and financial statements
		Preparing budgets
		Preparing weekly financial reports
		Finalising trading profit or loss
		Meetings to discuss trading position
		Entering receipts and payments into accounting system
	Trade on management	Authorising purchase orders
	Maintaining purchase order registry	



		Preparing and authorising receipt vouchers
		Preparing and authorising payment vouchers
		Liaising with superannuation funds regarding contributions, termination of employees' employment
		Liaising with OSR regarding payroll tax issues
		Liaising with suppliers
		Liaising with management and staff
		Attendance on site
<b>Other professional services provided by the firm</b>		Other

#### Part 4 Resolution 1 - Calculation of Remuneration

My calculation of the upper limit (exclusive of GST) has been determined as follows:

Employee Name	Title	\$ rate per hour (excl. GST)	Total hours	Total (ex GST) (\$)
Damien M Hodgkinson	Appointee / Director	630	56.2	35,380.80
Lucy Vecchio	Director	570	70.2	40,019.70
Danny Bui	Senior 1	325	82.5	26,796.25
Rui Wang	Senior 1	325	31.5	10,237.50
Jenny Kim	Intermediate 1	250	49.9	12,476.50
<b>Total</b>			<b>290.2</b>	<b>124,910.75</b>
<b>Average hourly rate</b>				<b>430.39</b>

#### Part 5 Description of work to be completed in Voluntary Administration period

##### Resolution 2

<b>Company:</b>	SETTLERS OPERATIONS PTY LIMITED (ADMINISTRATOR APPOINTED) (RECEIVERS & MANAGERS APPOINTED)	<b>Period From:</b>	22 May 2020 to
		<b>Period To:</b>	Conclusion
<b>Practitioner(s):</b>	Damien Hodgkinson	<b>Firm:</b>	DEM Australasia Pty Limited
<b>Administration Type:</b>	Voluntary Administration		

Category	Task Area	Task
<b>Administration</b>  Number of hours: 6.0 Cost: \$2,323.50	Correspondence	Correspondence
	ASIC forms and lodgements	Preparing and lodging ASIC Form 505 Commence an administration of a specified company
		Preparing and lodging ASIC Form 5602 Annual administration return
		Preparing and lodging ASIC Form 5601 Statutory report by a liquidator to creditors
		Preparing and lodging ASIC Form 524 Presentation of accounts and statement ("structured data")
		Preparing and lodging ASIC Form 5011 Copy of minutes of meeting
		Preparing and lodging ASIC Form
		Preparing and lodging ASIC Form 531 Copy of DIRRI
		Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment
		Preparing BAS
		Completing STP reporting obligations
	Bank account administration	Preparing correspondence opening and closing accounts
		Retrieving bank statements
		Bank account reconciliations
		Correspondence with bank regarding specific transfers



		Requesting bank statements
	Books and Records/Storage	Dealing with records in storage Sending job files to storage Correspondence
	Document maintenance/file review/checklist	First month administration review Six month administration review Filing of documents File reviews Updating checklists Create new file in CORE IPS Create new DMS file in SharePoint
	Finalisation	Notifying ATO of finalisation Completing checklists Cancelling ABN/GST/PAYG registration Finalising WIP
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Planning/Review	Discussions regarding status of administration
<b>Assets</b>  Number of hours: 3.9 Cost: \$1,340.50	Other Assets	Asset subject to specific charges Other Assets
	Debtors	Correspondence with debtors Reviewing and assessing debtors' ledgers Liaising with debt collectors and solicitors
	Leasing	Reviewing leasing documents Liaising with owners/lesors Tasks associated with disclaiming leases
	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives Documenting Considering reasonableness of creditor requests Obtaining legal advice on requests Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors
	Creditor reports	Preparing Statutory Report by Liquidator Preparing Statutory Report by Voluntary Administrator's Preparing meeting notices Preparing general reports to creditors Preparing investigation report to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
<b>Creditors</b>  Number of hours: 9.1 Cost: \$3,296.00	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting



	Proposal to Creditors	Preparing proposal notices and voting forms
		Forward notice of proposal to all known creditors
		Reviewing votes and determine outcome of proposal
		Preparation and lodgement of proposal outcome with ASIC
	Retention of Claims	Search to the PPSR register
		Notify PMSI creditors identified from PPSR register
		Receive initial notification of creditor's intention to claim
		Provision of retention of title claim form
		Receive completed retention of title claim form
		Maintain retention of title file
		Meeting claimant on site to identify goods
		Adjudicate retention of title claim
		Forward correspondence to claimant notifying outcome of adjudication
		Preparation of payment vouchers to satisfy valid claim
		Preparation of correspondence to claimant to accompany payment claim (if valid)
	Secure Creditor reporting	Notifying PPSR registered creditors of appointment
Preparing reports to secured creditor		
Dealing with FTI the Secured Creditor		
Shareholder queries	Initial day one letters	
	ITAA Section 104-145(1) declarations	
	Responding to any shareholder legal action	
<b>Dividend</b>  Number of hours: 0 Cost: nil	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend
		Advertisement of intention to declare dividend
		Obtain clearance from ATO to allow distribution of company's assets
		Preparation of dividend calculation
		Preparation of correspondence to creditors announcing declaration of dividend
		Advertise announcement of dividend
		Preparation of distribution
		Preparation of dividend file
		Preparation of payment vouchers to pay dividend
	Preparation of correspondence to creditors enclosing payment of dividend	
	Processing proofs of debt (POD)	Preparation of correspondence to potential creditors inviting lodgement of POD
		Receipt of POD
		Maintain POD register
		Adjudicating POD
		Request further information from claimants regarding POD
Preparation of correspondence to claimant advising outcome of adjudication		
<b>Employees</b>  Number of hours: 0 Cost: nil	Workers compensation claims	Review insurance policies
		Receipt of claim
		Liaising with claimant
		Liaising with insurers and solicitors regarding claims
		Identification of potential issues requiring attention of insurance specialists
		Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements
	Correspondence with previous brokers	
	Calculation of entitlements	Calculating employee entitlements
		Reviewing employee files and company's books and records
		Reconciling superannuation accounts
		Reviewing awards
		Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend
		Correspondence with ATO regarding SGC proof of debt





		Calculating dividend rate	
		Preparing dividend file	
		Advertising dividend notice	
		Preparing distribution	
		Receipting POD	
		Adjudicating POD	
		Ensuring PAYG is remitted to ATO	
	Employee enquiries	Receive and follow up employee enquiries via telephone	
		Maintain employee enquiry register	
		Review and prepare correspondence to creditors and their representatives via email and post	
		Preparation of letters to employees advising of their entitlements and options available	
		Receive and prepare correspondence in response to employee's objection to leave entitlements	
	FEG	Correspondence with FEG	
		Preparing notification spreadsheet	
		Preparing FEG quotations	
		Completing FEG questionnaires	
	Other employee issues	Correspondence with Child Support	
		Correspondence with Centrelink	
<b>Investigation</b> Number of hours: 0 Cost: nil	ASIC reporting	Preparing statutory investigation reports	
		Preparing affidavits seeking non-lodgement	
		Liaising with ASIC	
	Conducting investigation	Conducting and summarising statutory searches	
		Preparation of comparative financial statements	
		Preparation of deficiency statement	
		Review of specific transactions and liaising with directors regarding certain transactions	
		Preparation of investigation file	
		Lodgement of investigation with the ASIC	
		Preparation and lodgement of supplementary report if required	
		Collection of company books and records	
		Correspondence with ASIC	
		Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements on ROCAP	
		Review and preparation of company nature and history	
		Examinations	Preparing brief to solicitor
			Liaising with solicitor(s) regarding examinations
			Attendance at examination
			Reviewing examination transcripts
			Liaising with solicitor(s) regarding outcome of examinations and further actions available
		Litigation/Recoveries	Internal meetings to discuss status of litigation
		Preparing brief to solicitors	
		Liaising with solicitors regarding recovery actions	
		Attending to negotiations	
		Attending to settlement matters	
<b>Trade On</b> Number of hours: 0 Cost: nil	Budgeting and financial reporting	Reviewing company's budgets and financial statements	
		Preparing budgets	
		Preparing weekly financial reports	
		Finalising trading profit or loss	
		Meetings to discuss trading position	
		Entering receipts and payments into accounting system	
	Trade on management	Authorising purchase orders	



		Maintaining purchase order registry
		Preparing and authorising receipt vouchers
		Preparing and authorising payment vouchers
		Liaising with superannuation funds regarding contributions, termination of employees' employment
		Liaising with OSR regarding payroll tax issues
		Liaising with suppliers
		Liaising with management and staff
		Attendance on site
<b>Other professional services provided by the firm</b>		Other

## Part 6 Resolution 2 - Calculation of Remuneration

My estimate of the upper limit (exclusive of GST) has been determined as follows:

Employee Name	Title	\$ rate per hour (excl. GST)	Total hours	Total (ex GST) (\$)
Damien M Hodgkinson	Appointee / Director	630	2.4	1,512.00
Lucy Vecchio	Director	570	1.9	1,083.00
Danny Bui	Senior 1	325	5.9	1,971.50
Rui Wang	Senior 1	325	3.3	1,072.50
Jenny Kim	Intermediate 1	250	5.5	1,375.00
<b>Total</b>			<b>19.0</b>	<b>6,960.00</b>
<b>Average hourly rate</b>				<b>366.32</b>

## Part 7 Description of work to be completed in Deed of Company Arrangement Period

### Resolution 3 – DOCA

Should the Company be placed into Deed of Company Arrangement, I will be seeking approval of my professional fees as Deed Administrator for the period from the commencement of the DOCA to the conclusion of the DOCA on an interim basis at \$21,932.00 plus GST to be drawn progressively as earned.

If necessary, I will seek further approval from creditors by convening a meeting of creditors or obtain Court approval to obtain approval of any additional fees.

The extent of remuneration will be limited to the funds available and may be less than the remuneration approval being sought.

<b>Company:</b>	SETTLERS OPERATIONS PTY LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)	<b>Period From:</b>	DOCA Commencement to
		<b>Period To:</b>	Conclusion
<b>Practitioner(s):</b>	Damien Hodgkinson	<b>Firm:</b>	DEM Australasia Pty Limited
<b>Administration Type:</b>	Deed of Company Arrangement		

Category	Task Area	Including
<b>Administration</b>  Number of hours: 17.8 Cost: \$6,374.00	Correspondence	Correspondence
	ASIC forms and lodgements	Preparing and lodging ASIC Form 505 Commence an administration of a specified company
		Preparing and lodging ASIC Form 5602 Annual administration return
		Preparing and lodging ASIC Form 5601 Statutory report by a liquidator to creditors
		Preparing and lodging ASIC Form 524 Presentation of accounts and statement ("structured data")
		Preparing and lodging ASIC Form 5011 Copy of minutes of meeting



		Preparing and lodging ASIC Form
		Preparing and lodging ASIC Form 531 Copy of DIRRI
		Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment
		Preparing BAS
		Completing STP reporting obligations
	Bank account administration	Preparing correspondence opening and closing accounts
		Retrieving bank statements
		Bank account reconciliations
		Correspondence with bank regarding specific transfers
		Requesting bank statements
	Books and Records/Storage	Dealing with records in storage
		Sending job files to storage
		Correspondence
	Document maintenance/file review/checklist	First month administration review
		Six month administration review
		Filing of documents
		File reviews
		Updating checklists
		Create new file in CORE IPS
		Create new DMS file in SharePoint
	Finalisation	Notifying ATO of finalisation
		Completing checklists
		Cancelling ABN/GST/PAYG registration
		Finalising WIP
	Insurance	Identification of potential issues requiring attention of insurance specialists
		Correspondence with insurer regarding initial and ongoing insurance requirements
	Reviewing insurance policies	
	Correspondence with previous brokers	
Planning/Review	Discussions regarding status of administration	
<b>Assets</b>	Other Assets	Asset subject to specific charges
Number of hours: 8.1 Cost: \$2,707.00		Other Assets
	Debtors	Correspondence with debtors
		Reviewing and assessing debtors' ledgers
		Liaising with debt collectors and solicitors
	Leasing	Reviewing leasing documents
		Liaising with owners/lesors
	Tasks associated with disclaiming leases	
<b>Creditors</b>	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries
Number of hours: 16.6 Cost: \$6,022.00		Maintaining creditor request log
		Review and prepare initial correspondence to creditors and their representatives
		Documenting
		Considering reasonableness of creditor requests
		Obtaining legal advice on requests
		Documenting reasons for complying or not complying with requests or directions
		Compiling information requested by creditors
	Creditor reports	Preparing Statutory Report by Liquidator
		Preparing Statutory Report by Voluntary Administrator's
		Preparing meeting notices
	Preparing general reports to creditors	
	Preparing investigation report to creditors	



	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>Receipting and filing POD when not related to a dividend</li> <li>Corresponding with OSR and ATO regarding POD when not related to a dividend</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>Preparation of meeting notices, proxies and advertisements</li> <li>Forward notice of meeting to all known creditors</li> <li>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting</li> <li>Preparation and lodgement of minutes of meetings with ASIC</li> <li>Responding to stakeholder queries and questions immediately following meeting</li> </ul>
	Proposal to Creditors	<ul style="list-style-type: none"> <li>Preparing proposal notices and voting forms</li> <li>Forward notice of proposal to all known creditors</li> <li>Reviewing votes and determine outcome of proposal</li> <li>Preparation and lodgement of proposal outcome with ASIC</li> </ul>
	Retention of Claims	<ul style="list-style-type: none"> <li>Search to the PPSR register</li> <li>Notify PMSI creditors identified from PPSR register</li> <li>Receive initial notification of creditor's intention to claim</li> <li>Provision of retention of title claim form</li> <li>Receive completed retention of title claim form</li> <li>Maintain retention of title file</li> <li>Meeting claimant on site to identify goods</li> <li>Adjudicate retention of title claim</li> <li>Forward correspondence to claimant notifying outcome of adjudication</li> <li>Preparation of payment vouchers to satisfy valid claim</li> <li>Preparation of correspondence to claimant to accompany payment claim (if valid)</li> </ul>
	Secure Creditor reporting	<ul style="list-style-type: none"> <li>Notifying PPSR registered creditors of appointment</li> <li>Preparing reports to secured creditor</li> <li>Dealing with FTI the Secured Creditor</li> </ul>
	Shareholder queries	<ul style="list-style-type: none"> <li>Initial day one letters</li> <li>ITAA Section 104-145(1) declarations</li> <li>Responding to any shareholder legal action</li> </ul>
<p><b>Dividend</b></p> <p>Number of hours: 19.5 Cost: \$6,829.00</p>	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend
		Advertisement of intention to declare dividend
		Obtain clearance from ATO to allow distribution of company's assets
		Preparation of dividend calculation
		Preparation of correspondence to creditors announcing declaration of dividend
		Advertise announcement of dividend
		Preparation of distribution
		Preparation of dividend file
	Processing proofs of debt (POD)	Preparation of payment vouchers to pay dividend
		Preparation of correspondence to creditors enclosing payment of dividend
		Preparation of correspondence to potential creditors inviting lodgement of POD
		Receipt of POD
		Maintain POD register
		Adjudicating POD
<p><b>Employees</b></p> <p>Number of hours: 0 Cost: nil</p>	Workers compensation claims	Request further information from claimants regarding POD
		Preparation of correspondence to claimant advising outcome of adjudication
		Review insurance policies
		Receipt of claim
		Liaising with claimant
		Liaising with insurers and solicitors regarding claims



		Identification of potential issues requiring attention of insurance specialists
		Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements
		Correspondence with previous brokers
	Calculation of entitlements	Calculating employee entitlements
		Reviewing employee files and company's books and records
		Reconciling superannuation accounts
		Reviewing awards
		Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend
		Correspondence with ATO regarding SGC proof of debt
		Calculating dividend rate
		Preparing dividend file
		Advertising dividend notice
		Preparing distribution
		Receipting POD
		Adjudicating POD
		Ensuring PAYG is remitted to ATO
	Employee enquiries	Receive and follow up employee enquiries via telephone
		Maintain employee enquiry register
		Review and prepare correspondence to creditors and their representatives via email and post
		Preparation of letters to employees advising of their entitlements and options available
		Receive and prepare correspondence in response to employee's objection to leave entitlements
	FEG	Correspondence with FEG
		Preparing notification spreadsheet
		Preparing FEG quotations
		Completing FEG questionnaires
	Other employee issues	Correspondence with Child Support
		Correspondence with Centrelink
<b>Investigation</b> Number of hours: 0 Cost: nil	ASIC reporting	Preparing statutory investigation reports
		Preparing affidavits seeking non-lodgement
		Liaising with ASIC
	Conducting investigation	Conducting and summarising statutory searches
		Preparation of comparative financial statements
		Preparation of deficiency statement
		Review of specific transactions and liaising with directors regarding certain transactions
		Preparation of investigation file
		Lodgement of investigation with the ASIC
		Preparation and lodgement of supplementary report if required
		Collection of company books and records
		Correspondence with ASIC
		Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements on ROCAP
		Review and preparation of company nature and history
	Examinations	Preparing brief to solicitor
		Liaising with solicitor(s) regarding examinations
		Attendance at examination
		Reviewing examination transcripts
		Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation/Recoveries	Internal meetings to discuss status of litigation



		Preparing brief to solicitors	
		Liaising with solicitors regarding recovery actions	
		Attending to negotiations	
		Attending to settlement matters	
<b>Trade On</b> Number of hours: 0 Cost: nil	Budgeting and financial reporting	Reviewing company's budgets and financial statements	
		Preparing budgets	
		Preparing weekly financial reports	
		Finalising trading profit or loss	
		Meetings to discuss trading position	
		Entering receipts and payments into accounting system	
	Trade on management	Authorising purchase orders	
		Maintaining purchase order registry	
		Preparing and authorising receipt vouchers	
		Preparing and authorising payment vouchers	
		Liaising with superannuation funds regarding contributions, termination of employees' employment	
		Liaising with OSR regarding payroll tax issues	
		Liaising with suppliers	
		Liaising with management and staff	
		Attendance on site	
		<b>Other professional services provided by the firm</b>	

**Part 8 Resolution 3 - Calculation of Remuneration**

My estimate of the upper limit (exclusive of GST) has been determined as follows:

Employee Name	Title	\$ rate per hour (excl. GST)	Total hours	Total (ex GST) (\$)
Damien M Hodgkinson	Appointee / Director	630	5.7	3,591.00
Lucy Vecchio	Director	570	6.3	3,591.00
Danny Bui	Senior 1	325	15.0	4,875.00
Rui Wang	Senior 1	325	15.0	4,875.00
Jenny Kim	Intermediate 1	250	20.0	5,000.00
<b>Total</b>			<b>62.0</b>	<b>21,932.00</b>
<b>Average hourly rate</b>				<b>353.74</b>

**Part 9 Description of work to be completed in Liquidation period****Resolution 4 – Liquidation**

Should the Company be placed into Liquidation, I will be seeking approval of my professional fees as Liquidator for the period from the commencement of the liquidation to the conclusion of the liquidation on an interim basis at \$19,000.00 plus GST to be drawn progressively as earned.

If necessary, I will seek further approval from creditors by convening a meeting of creditors or obtain Court approval to obtain approval of any additional fees.

The extent of remuneration will be limited to the funds available and may be less than the remuneration approval being sought.

<b>Company:</b>	SETTLERS OPERATIONS PTY LIMITED (SUBJECT TO LIQUIDATION)	<b>Period From:</b>	Commencement of Liquidation
		<b>Period To:</b>	to Conclusion





**Practitioner(s):** Damien Hodgkinson  
**Administration Type:** Liquidation

**Firm:** DEM Australasia Pty Limited

Category	Task Area	Task
<b>Administration</b>  Number of hours: 18.5 Cost: \$6,472.00	Correspondence	Correspondence
	ASIC forms and lodgements	Preparing and lodging ASIC Form 505 Commence an administration of a specified company
		Preparing and lodging ASIC Form 5602 Annual administration return
		Preparing and lodging ASIC Form 5601 Statutory report by a liquidator to creditors
		Preparing and lodging ASIC Form 524 Presentation of accounts and statement ("structured data")
		Preparing and lodging ASIC Form 5011 Copy of minutes of meeting
		Preparing and lodging ASIC Form
		Preparing and lodging ASIC Form 531 Copy of DIRRI
		Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment
		Preparing BAS
		Completing STP reporting obligations
	Bank account administration	Preparing correspondence opening and closing accounts
		Retrieving bank statements
		Bank account reconciliations
		Correspondence with bank regarding specific transfers
		Requesting bank statements
	Books and Records/Storage	Dealing with records in storage
		Sending job files to storage
		Correspondence
	Document maintenance/file review/checklist	First month administration review
		Six month administration review
		Filing of documents
		File reviews
		Updating checklists
		Create new file in CORE IPS
		Create new DMS file in SharePoint
	Finalisation	Notifying ATO of finalisation
		Completing checklists
		Cancelling ABN/GST/PAYG registration
		Finalising WIP
	Insurance	Identification of potential issues requiring attention of insurance specialists
		Correspondence with insurer regarding initial and ongoing insurance requirements
		Reviewing insurance policies
		Correspondence with previous brokers
	Planning/Review	Discussions regarding status of administration
<b>Assets</b>  Number of hours: 8.5 Cost: \$2,775.00	Other Assets	Asset subject to specific charges
		Other Assets
	Debtors	Correspondence with debtors
		Reviewing and assessing debtors' ledgers
		Liaising with debt collectors and solictors
	Leasing	Reviewing leasing documents
		Liaising with owners/lesors
		Tasks associated with disclaiming leases
<b>Creditors</b>	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries
		Maintaining creditor request log



Number of hours: 16.8 Cost: \$5,895.00		Review and prepare initial correspondence to creditors and their representatives
		Documenting
		Considering reasonableness of creditor requests
		Obtaining legal advice on requests
		Documenting reasons for complying or not complying with requests or directions
		Compiling information requested by creditors
	Creditor reports	Preparing Statutory Report by Liquidator
		Preparing Statutory Report by Voluntary Administrator's
		Preparing meeting notices
		Preparing general reports to creditors
		Preparing investigation report to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
		Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements
		Forward notice of meeting to all known creditors
		Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting
		Preparation and lodgement of minutes of meetings with ASIC
		Responding to stakeholder queries and questions immediately following meeting
	Proposal to Creditors	Preparing proposal notices and voting forms
		Forward notice of proposal to all known creditors
		Reviewing votes and determine outcome of proposal
		Preparation and lodgement of proposal outcome with ASIC
	Retention of Claims	Search to the PPSR register
		Notify PMSI creditors identified from PPSR register
		Receive initial notification of creditor's intention to claim
		Provision of retention of title claim form
		Receive completed retention of title claim form
		Maintain retention of title file
		Meeting claimant on site to identify goods
		Adjudicate retention of title claim
		Forward correspondence to claimant notifying outcome of adjudication
		Preparation of payment vouchers to satisfy valid claim
		Preparation of correspondence to claimant to accompany payment claim (if valid)
Secure Creditor reporting	Notifying PPSR registered creditors of appointment	
	Preparing reports to secured creditor	
	Dealing with FTI the Secured Creditor	
Shareholder queries	Initial day one letters	
	ITAA Section 104-145(1) declarations	
	Responding to any shareholder legal action	
<b>Dividend</b>		
Number of hours: 0 Cost: nil	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend
		Advertisement of intention to declare dividend
		Obtain clearance from ATO to allow distribution of company's assets
		Preparation of dividend calculation
		Preparation of correspondence to creditors announcing declaration of dividend
		Advertise announcement of dividend
		Preparation of distribution
		Preparation of dividend file
	Preparation of payment vouchers to pay dividend	



		Preparation of correspondence to creditors enclosing payment of dividend
	Processing proofs of debt (POD)	Preparation of correspondence to potential creditors inviting lodgement of POD
		Receipt of POD
		Maintain POD register
		Adjudicating POD
		Request further information from claimants regarding POD
		Preparation of correspondence to claimant advising outcome of adjudication
<b>Employees</b>  Number of hours: 0 Cost: nil		Workers compensation claims
	Receipt of claim	
	Liaising with claimant	
	Liaising with insurers and solicitors regarding claims	
	Identification of potential issues requiring attention of insurance specialists	
	Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements	
	Correspondence with previous brokers	
	Calculation of entitlements	Calculating employee entitlements
		Reviewing employee files and company's books and records
		Reconciling superannuation accounts
		Reviewing awards
		Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend
		Correspondence with ATO regarding SGC proof of debt
		Calculating dividend rate
		Preparing dividend file
		Advertising dividend notice
		Preparing distribution
		Receipting POD
		Adjudicating POD
		Ensuring PAYG is remitted to ATO
	Employee enquiries	Receive and follow up employee enquiries via telephone
		Maintain employee enquiry register
		Review and prepare correspondence to creditors and their representatives via email and post
		Preparation of letters to employees advising of their entitlements and options available
		Receive and prepare correspondence in response to employee's objection to leave entitlements
	FEG	Correspondence with FEG
Preparing notification spreadsheet		
Preparing FEG quotations		
Completing FEG questionnaires		
Other employee issues	Correspondence with Child Support	
	Correspondence with Centrelink	
<b>Investigation</b>  Number of hours: 11.8 Cost: \$3,858.00	ASIC reporting	Preparing statutory investigation reports
		Preparing affidavits seeking non-lodgement
		Liaising with ASIC
	Conducting investigation	Conducting and summarising statutory searches
		Preparation of comparative financial statements
		Preparation of deficiency statement
		Review of specific transactions and liaising with directors regarding certain transactions
		Preparation of investigation file
		Lodgement of investigation with the ASIC
		Preparation and lodgement of supplementary report if required



		Collection of company books and records
		Correspondence with ASIC
		Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements on ROCAP
		Review and preparation of company nature and history
	Examinations	Preparing brief to solicitor
		Liaising with solicitor(s) regarding examinations
		Attendance at examination
		Reviewing examination transcripts
		Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation/Recoveries	Internal meetings to discuss status of litigation
		Preparing brief to solicitors
		Liaising with solicitors regarding recovery actions
		Attending to negotiations
		Attending to settlement matters
<b>Trade On</b> Number of hours: 0 Cost: nil	Budgeting and financial reporting	Reviewing company's budgets and financial statements
		Preparing budgets
		Preparing weekly financial reports
		Finalising trading profit or loss
		Meetings to discuss trading position
		Entering receipts and payments into accounting system
	Trade on management	Authorising purchase orders
		Maintaining purchase order registry
		Preparing and authorising receipt vouchers
		Preparing and authorising payment vouchers
		Liaising with superannuation funds regarding contributions, termination of employees' employment
		Liaising with OSR regarding payroll tax issues
		Liaising with suppliers
		Liaising with management and staff
		Attendance on site
<b>Other professional services provided by the firm</b>		Other

## Part 10 Resolution 4 - Calculation of Remuneration

My estimate of the upper limit (exclusive of GST) has been determined as follows:

Employee Name	Title	\$ rate per hour (excl. GST)	Total hours	Total (ex GST) (\$)
Damien M Hodgkinson	Appointee / Director	630	4.1	2,583.00
Lucy Vecchio	Director	570	4.6	2,622.00
Danny Bui	Senior 1	325	14.6	4,745.00
Rui Wang	Senior 1	325	13.0	4,225.00
Jenny Kim	Intermediate 1	250	19.3	4,825.00
<b>Total</b>			<b>55.6</b>	<b>19,000.00</b>
<b>Average hourly rate</b>				<b>341.73</b>

## Part 11 Statement of Remuneration Claim

At the forthcoming meeting of creditors:

- I will table full details of the costs and work performed by my staff and myself;
- I will be seeking the following resolutions (Resolution 1 and Resolution 2) from creditors for my professional fees as Administrator;



### Resolution 1

*"that the remuneration of the Administrator and his staff is approved from 26 August 2019 to 21 May 2020 in the sum of \$124,910.75 plus GST calculated for work already completed and billed by reference to the hourly rates applicable to the grades or classifications set out in the Remuneration Request Approval Report dated 21 May 2020, and that the Administrator be authorised to draw that amount as and when incurred".*

### Resolution 2

*"that the remuneration of the Administrator and his staff is approved from 22 May 2020 to the conclusion of Voluntary Administration is approved in the sum of \$6,960.00 plus GST calculated by reference to the hourly rates applicable to the grades or classifications set out in the Remuneration Request Approval Report dated 21 May 2020, and that the Administrator be authorised to draw that amount as and when incurred".*

- I will be seeking approval for my future professional fees as Deed Administrator contained in the following resolution from creditors, in the event the company enters into Deed of Company Arrangement.

### Resolution 3

*"that the remuneration of the Deed Administrator and his staff from the commencement of the DOCA to the conclusion of the DOCA is set on an interim basis in the sum of \$21,932.00 plus GST, to be calculated by reference to the hourly rates applicable to the grades or classifications set out in the Remuneration Request Approval Report dated 21 May 2020, and that the Deed Administrator be authorised to draw that amount as and when incurred".*

- I will be seeking approval for my future professional fees as Liquidator contained in the following resolution from creditors, in the event the company be placed into Liquidation.

### Resolution 4

*"that the remuneration of the Liquidator and his staff from the commencement of the Liquidation to the conclusion of the Liquidation is set on an interim basis in the sum of \$19,000.00 plus GST, to be calculated by reference to the hourly rates applicable to the grades or classifications set out in the Remuneration Request Approval Report dated 21 May 2020, and that the Liquidator be authorised to draw that amount as and when incurred".*

Creditors should note that if my future remuneration is less than this amount, the lesser amount will only be claimed.

It will be necessary for me to convene a further meeting of creditors to obtain approval of any additional fees or obtain Court approval or the approval of a Committee of Creditors, to draw any additional fees as Administrator, Deed Administrator or Liquidator.

## Part 12 Remuneration Recoverable from External Sources

### Assetless Administration Fund

Liquidators of insolvent companies may make application to the Australian Securities and Investments Commission ("ASIC") for funding via the Assetless Administration Fund. Broadly, such funding enables Liquidators to carry out further investigations into a company's affairs and prepare additional reports to ASIC especially in circumstances where there may be possible breaches of the Corporations Act or of misconduct, in particular, by current or former officers of a company.

- Any remuneration payments received by the Liquidator from the Assetless Administration Fund operated by ASIC are considered separate arrangements involving a limited or partial funding agreement. Where higher fees are incurred than the amount covered by the funding agreement there is no restriction in the Administration being charged for the shortfall on the basis that all remuneration claimed is necessary and properly incurred in accordance with the ARITA Code of Professional Conduct.

## Part 13 Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.



- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

#### DISBURSEMENT PAID

As there have been no realisations to date, no disbursements have been paid from this administration.

#### FUTURE DISBURSEMENTS

Future external disbursements (both professional and non-professional) may be required and incurred in the remainder of the liquidation. I am unable to estimate the amount of future external disbursements. Any future external disbursements will be charged at cost.

The following future internal disbursements are expected to be incurred on the following basis:  
Future disbursements provided by my firm will be charged to the administration on the following basis:

Internal disbursements	Rate (Excl GST)
Postage	At cost
Photocopying	At cost
Printing and stationery	At cost
Books and Records Storage	At cost
Books and Records Transport	At cost
Staff Vehicle Use	ATO Standard Rate per Km

Scale applicable for financial year ending 2020.

#### Part 14 Report on Progress of the Administration

Please refer to my report for particulars regarding the status and progress of the administration.

If you have any queries or require additional information, please do not hesitate to contact Danny Bui (danny.bui@demasiagroup.com) of this office on (02) 8004 4313.

#### Part 15 Queries

Committee members are welcome to contact Danny Bui (danny.bui@demasiagroup.com) of this office on (02) 8004 4313 if they have any queries or require additional information.

#### Part 16 Information Sheet

A copy of the Information Sheet titled 'Approving Fees: A Guide for Creditors' is attached to this Remuneration Request Approval Report.

The insolvency partners of DEM Australasia are members of the Australian Restructuring Insolvency & Turnaround Association and follow the ARITA Code of Professional Practice ("COPP").

A copy of the COPP can be found at the ARITA Website [www.arita.com.au](http://www.arita.com.au).

#### Part 17 Initial Advice to Directors

##### Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency Practitioner. They are:



**1. Time based / hourly rates**

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

**2. Fixed Fee**

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.

**3. Percentage**

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

**4. Contingency**

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

**Method chosen**

Given the nature of this DOCA, we propose that our remuneration be calculated on Time based / hourly rates. This is because:

- It ensures that creditors are only charged for work that is performed
- The Deed Administrator is unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the DOCA.
- The Deed Administrator is required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.

**Explanation of Hourly Rates**

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly Rate (excl GST)
Appointee / Director	Official or Registered Liquidator or Managing Director of DEM Australasia Pty Limited.	\$630
Associate / Director	More than 10 years experience. Qualified and capable of controlling all aspects of an appointment. May be appropriate to take appointments in their own right.	\$570
Manager 1	Typically, CA or CPA qualified. 7 + years insolvency experience, likely more than 3 years as manager, tertiary qualified. Answerable to the appointee but otherwise responsible for all aspects of administration. Capable of controlling all aspects of an insolvency appointment.	\$495
Manager 2	Typically, CA or CPA qualified. 6 - 7 years + insolvency experience. Controls all allocated insolvency tasks. Well-developed technical and commercial skills.	\$425
Supervisor	Typically, CA or CPA qualified. 4 to 6 years' experience. Will have had conduct or minor administrations and experience in control of staff. Assists planning and controls medium to larger appointments. Reports to manager.	\$380
Senior 1	Typically, 2 to 4 years' experience. CA or CPA program commenced or completed. Required to control and or assist on the fieldwork on insolvency appointments. Reports to supervisor / manager.	\$325
Senior 2	Typically, 1 to 2 years' experience. Likely tertiary course underway or near complete. Required to control and or assist on the fieldwork on insolvency appointments. Reports to supervisor / manager.	\$295



Title	Description	Hourly Rate (excl GST)
Intermediate 1	Typically, up to 2 years' experience. Required to assist on fieldwork for insolvency appointments. Reports to more senior staff.	\$250
Intermediate 2	Typically, less 1 year insolvency experience. Trainee likely undertaking a degree with an accountancy major. Required to assist on fieldwork for insolvency appointments. Reports to more senior staff.	\$200
IT Administrator	Appropriate skills.	\$220
Secretary / WPO	Appropriate skills including machine usage.	\$180
Clerk	Non-qualified but passed HSC. Classification would depend on experience, salary and complexity of work to be conducted.	\$140
Junior	HSC. Plans to undertake at least part-time degree/diploma. Required to assist in administration and day-to-day fieldwork under supervision of more senior staff.	\$140

Notes

1. The abovementioned hourly rates are exclusive of GST.
2. The above staff descriptions are intended a general guide only to the experience and qualifications of staff engaged in the external administration.
3. Time is recorded and charged to the administration in six-minute increments.

DATED this 21 May 2020.

**DAMIEN HODGKINSON**  
**ADMINISTRATOR**



DEM ASIA GROUP

CORPORATIONS ACT 2001  
Insolvency Practice Rules (Corporations) 70-45(3)

**Remuneration Approval Report**

**SETTLERS COMPANY PTY LIMITED ACN 606 610 904**  
**ATF SETTLERS PROPERTY TRUST ABN 78 694 717 061**  
**(ADMINISTRATOR APPOINTED) (RECEIVERS & MANAGERS APPOINTED)**  
**("THE COMPANY")**

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**Part 1 Declaration**

I, Damien Hodgkinson of DEM Australasia Pty Limited, have undertaken a proper assessment of this remuneration claim for my appointment as Administrator of Settlers Company Pty Limited in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Administration.

**Part 2 Executive Summary**

To date, no remuneration has been approved and paid in this administration. This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (GST Excl.)
<b>CURRENT REMUNERATION APPROVAL SOUGHT</b>		
<i>Voluntary Administration</i>		
Resolution 1: Work completed from the period 26 August 2019 to 21 May 2020	Part 3	\$12,703.17



Resolution 2: Work to be completed from 22 May 2020 to Conclusion	Part 5	\$3,110.00
<b>Total Voluntary Administration Remuneration</b>		<b>\$15,813.17</b>
<i>Deed of Company Arrangement (if applicable)</i>		
Resolution 3: Commencement of Deed of Company Arrangement to Conclusion*	Part 7	\$3,090.00
<b>Total Deed of Company Arrangement Remuneration</b>		<b>\$3,090.00</b>
<i>Liquidation (if applicable)</i>		
Resolution 4: Commencement of Liquidation to Conclusion*	Part 9	\$6,030.00
<b>Total Liquidation Remuneration</b>		<b>\$6,030.00</b>
*Approval for future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors		

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

### Part 3 Description of work completed

#### Resolution 1

<b>Company:</b>	SETTLERS COMPANY PTY LIMITED (ADMINISTRATOR APPOINTED) (RECEIVERS & MANAGERS APPOINTED)	<b>Period From:</b>	26 August 2019
		<b>Period To:</b>	21 May 2020
<b>Practitioner(s):</b>	Damien Hodgkinson	<b>Firm:</b>	DEM Australasia Pty Limited
<b>Administration Type:</b>	Voluntary Administration		

Category	Task Area	Task
<b>Administration</b>  Number of hours: 5.6 Cost: \$2,431.71	Correspondence	Correspondence
	ASIC forms and lodgements	Preparing and lodging ASIC Form 505 Commence an administration of a specified company
		Preparing and lodging ASIC Form 5602 Annual administration return
		Preparing and lodging ASIC Form 5601 Statutory report by a liquidator to creditors
		Preparing and lodging ASIC Form 524 Presentation of accounts and statement ("structured data")
		Preparing and lodging ASIC Form 5011 Copy of minutes of meeting
		Preparing and lodging ASIC Form
		Preparing and lodging ASIC Form 531 Copy of DIRRI
		Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment
		Preparing BAS
		Completing STP reporting obligations
	Bank account administration	Preparing correspondence opening and closing accounts
		Retrieving bank statements
		Bank account reconciliations
		Correspondence with bank regarding specific transfers
		Requesting bank statements
		Dealing with records in storage



	Books and Records/Storage	Sending job files to storage
		Correspondence
	Document maintenance/file review/checklist	First month administration review
		Six month administration review
		Filing of documents
		File reviews
		Updating checklists
		Create new file in CORE IPS
		Create new DMS file in SharePoint
	Finalisation	Notifying ATO of finalisation
		Completing checklists
		Cancelling ABN/GST/PAYG registration
		Finalising WIP
	Insurance	Identification of potential issues requiring attention of insurance specialists
		Correspondence with insurer regarding initial and ongoing insurance requirements
Reviewing insurance policies		
Correspondence with previous brokers		
Planning/Review	Discussions regarding status of administration	
<b>Assets</b>  Number of hours: 2.2 Cost: \$1,320.00	Other Assets	Asset subject to specific charges
		Other Assets
	Debtors	Correspondence with debtors
		Reviewing and assessing debtors' ledgers
		Liaising with debt collectors and solicitors
	Leasing	Reviewing leasing documents
		Liaising with owners/lesors
		Tasks associated with disclaiming leases
	<b>Creditors</b>  Number of hours: 11.6 Cost: \$4,691.23	Creditor Enquiries, Requests & Directions
Maintaining creditor request log		
Review and prepare initial correspondence to creditors and their representatives		
Documenting		
Considering reasonableness of creditor requests		
Obtaining legal advice on requests		
Documenting reasons for complying or not complying with requests or directions		
Compiling information requested by creditors		
Creditor reports		Preparing Statutory Report by Liquidator
		Preparing Statutory Report by Voluntary Administrator's
		Preparing meeting notices
		Preparing general reports to creditors
		Preparing investigation report to creditors
Dealing with proofs of debt		Receipting and filing POD when not related to a dividend
		Corresponding with OSR and ATO regarding POD when not related to a dividend
Meeting of Creditors		Preparation of meeting notices, proxies and advertisements
		Forward notice of meeting to all known creditors
		Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting
		Preparation and lodgement of minutes of meetings with ASIC
		Responding to stakeholder queries and questions immediately following meeting
Proposal to Creditors		Preparing proposal notices and voting forms
		Forward notice of proposal to all known creditors



		Reviewing votes and determine outcome of proposal
		Preparation and lodgement of proposal outcome with ASIC
	Retention of Claims	Search to the PPSR register
		Notify PMSI creditors identified from PPSR register
		Receive initial notification of creditor's intention to claim
		Provision of retention of title claim form
		Receive completed retention of title claim form
		Maintain retention of title file
		Meeting claimant on site to identify goods
		Adjudicate retention of title claim
		Forward correspondence to claimant notifying outcome of adjudication
		Preparation of payment vouchers to satisfy valid claim
		Preparation of correspondence to claimant to accompany payment claim (if valid)
	Secure Creditor reporting	Notifying PPSR registered creditors of appointment
		Preparing reports to secured creditor
		Dealing with FTI the Secured Creditor
	Shareholder queries	Initial day one letters
		ITAA Section 104-145(1) declarations
		Responding to any shareholder legal action
<b>Dividend</b> Number of hours: 0 Cost: nil	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend
		Advertisement of intention to declare dividend
		Obtain clearance from ATO to allow distribution of company's assets
		Preparation of dividend calculation
		Preparation of correspondence to creditors announcing declaration of dividend
		Advertise announcement of dividend
		Preparation of distribution
		Preparation of dividend file
		Preparation of payment vouchers to pay dividend
		Preparation of correspondence to creditors enclosing payment of dividend
	Processing proofs of debt (POD)	Preparation of correspondence to potential creditors inviting lodgement of POD
		Receipt of POD
		Maintain POD register
		Adjudicating POD
		Request further information from claimants regarding POD
		Preparation of correspondence to claimant advising outcome of adjudication
<b>Employees</b> Number of hours: 0 Cost: nil	Workers compensation claims	Review insurance policies
		Receipt of claim
		Liaising with claimant
		Liaising with insurers and solicitors regarding claims
		Identification of potential issues requiring attention of insurance specialists
		Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements
		Correspondence with previous brokers
	Calculation of entitlements	Calculating employee entitlements
		Reviewing employee files and company's books and records
		Reconciling superannuation accounts
		Reviewing awards
		Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend
		Correspondence with ATO regarding SGC proof of debt
		Calculating dividend rate
		Preparing dividend file





		Advertising dividend notice	
		Preparing distribution	
		Receipting POD	
		Adjudicating POD	
		Ensuring PAYG is remitted to ATO	
	Employee enquiries	Receive and follow up employee enquiries via telephone	
		Maintain employee enquiry register	
		Review and prepare correspondence to creditors and their representatives via email and post	
		Preparation of letters to employees advising of their entitlements and options available	
		Receive and prepare correspondence in response to employee's objection to leave entitlements	
	FEG	Correspondence with FEG	
		Preparing notification spreadsheet	
		Preparing FEG quotations	
		Completing FEG questionnaires	
	Other employee issues	Correspondence with Child Support	
		Correspondence with Centrelink	
<b>Investigation</b> Number of hours: 7.9 Cost: \$4,260.23	ASIC reporting	Preparing statutory investigation reports	
		Preparing affidavits seeking non-lodgement	
		Liaising with ASIC	
	Conducting investigation	Conducting and summarising statutory searches	
		Preparation of comparative financial statements	
		Preparation of deficiency statement	
		Review of specific transactions and liaising with directors regarding certain transactions	
		Preparation of investigation file	
		Lodgement of investigation with the ASIC	
		Preparation and lodgement of supplementary report if required	
		Collection of company books and records	
		Correspondence with ASIC	
		Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements on ROCAP	
		Review and preparation of company nature and history	
		Examinations	Preparing brief to solicitor
			Liaising with solicitor(s) regarding examinations
			Attendance at examination
			Reviewing examination transcripts
			Liaising with solicitor(s) regarding outcome of examinations and further actions available
		Litigation/Recoveries	Internal meetings to discuss status of litigation
		Preparing brief to solicitors	
		Liaising with solicitors regarding recovery actions	
		Attending to negotiations	
		Attending to settlement matters	
<b>Trade On</b> Number of hours: 0 Cost: nil	Budgeting and financial reporting	Reviewing company's budgets and financial statements	
		Preparing budgets	
		Preparing weekly financial reports	
		Finalising trading profit or loss	
		Meetings to discuss trading position	
		Entering receipts and payments into accounting system	
	Trade on management	Authorising purchase orders	
		Maintaining purchase order registry	
		Preparing and authorising receipt vouchers	



		Preparing and authorising payment vouchers
		Liaising with superannuation funds regarding contributions, termination of employees' employment
		Liaising with OSR regarding payroll tax issues
		Liaising with suppliers
		Liaising with management and staff
		Attendance on site
<b>Other professional services provided by the firm</b>		Other

#### Part 4 Resolution 1 - Calculation of Remuneration

My calculation of the upper limit (exclusive of GST) has been determined as follows:

Employee Name	Title	\$ rate per hour (excl. GST)	Total hours	Total (ex GST) (\$)
Damien M Hodgkinson	Appointee / Director	630	5.6	3,531.15
Lucy Vecchio	Director	570	10.2	5,809.73
Danny Bui	Senior 1	325	4.9	1,581.67
Rui Wang	Senior 1	325	1.7	567.13
Jenny Kim	Intermediate 1	250	4.9	1,213.50
<b>Total</b>			<b>27.3</b>	<b>12,703.17</b>
<b>Average hourly rate</b>				<b>465.95</b>

#### Part 5 Description of work to be completed in Voluntary Administration period

##### Resolution 2

<b>Company:</b>	SETTLERS COMPANY PTY LIMITED (ADMINISTRATOR APPOINTED) (RECEIVERS & MANAGERS APPOINTED)	<b>Period From:</b>	22 May 2020 to
		<b>Period To:</b>	Conclusion
<b>Practitioner(s):</b>	Damien Hodgkinson	<b>Firm:</b>	DEM Australasia Pty Limited
<b>Administration Type:</b>	Voluntary Administration		

Category	Task Area	Task
<b>Administration</b>  Number of hours: 2.1 Cost: \$731.00	Correspondence	Correspondence
	ASIC forms and lodgements	Preparing and lodging ASIC Form 505 Commence an administration of a specified company
		Preparing and lodging ASIC Form 5602 Annual administration return
		Preparing and lodging ASIC Form 5601 Statutory report by a liquidator to creditors
		Preparing and lodging ASIC Form 524 Presentation of accounts and statement ("structured data")
		Preparing and lodging ASIC Form 5011 Copy of minutes of meeting
		Preparing and lodging ASIC Form
		Preparing and lodging ASIC Form 531 Copy of DIRRI
		Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment
		Preparing BAS
		Completing STP reporting obligations
	Bank account administration	Preparing correspondence opening and closing accounts
		Retrieving bank statements
		Bank account reconciliations
		Correspondence with bank regarding specific transfers



		Requesting bank statements
	Books and Records/Storage	Dealing with records in storage Sending job files to storage Correspondence
	Document maintenance/file review/checklist	First month administration review Six month administration review Filing of documents File reviews Updating checklists Create new file in CORE IPS Create new DMS file in SharePoint
	Finalisation	Notifying ATO of finalisation Completing checklists Cancelling ABN/GST/PAYG registration Finalising WIP
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Planning/Review	Discussions regarding status of administration
<b>Assets</b>  Number of hours: 4.7 Cost: \$1,730.50	Other Assets	Asset subject to specific charges Other Assets
	Debtors	Correspondence with debtors Reviewing and assessing debtors' ledgers Liaising with debt collectors and solicitors
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives Documenting Considering reasonableness of creditor requests Obtaining legal advice on requests Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors
	Creditor reports	Preparing Statutory Report by Liquidator Preparing Statutory Report by Voluntary Administrator's Preparing meeting notices Preparing general reports to creditors Preparing investigation report to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
<b>Creditors</b>  Number of hours: 1.8 Cost: \$648.5	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting



	Proposal to Creditors	Preparing proposal notices and voting forms	
		Forward notice of proposal to all known creditors	
		Reviewing votes and determine outcome of proposal	
		Preparation and lodgement of proposal outcome with ASIC	
	Retention of Claims	Search to the PPSR register	
		Notify PMSI creditors identified from PPSR register	
		Receive initial notification of creditor's intention to claim	
		Provision of retention of title claim form	
		Receive completed retention of title claim form	
		Maintain retention of title file	
		Meeting claimant on site to identify goods	
		Adjudicate retention of title claim	
		Forward correspondence to claimant notifying outcome of adjudication	
		Preparation of payment vouchers to satisfy valid claim	
		Preparation of correspondence to claimant to accompany payment claim (if valid)	
	Secure Creditor reporting	Notifying PPSR registered creditors of appointment	
Preparing reports to secured creditor			
Dealing with FTI the Secured Creditor			
Shareholder queries	Initial day one letters		
	ITAA Section 104-145(1) declarations		
	Responding to any shareholder legal action		
<b>Dividend</b>  Number of hours: 0 Cost: nil	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend	
		Advertisement of intention to declare dividend	
		Obtain clearance from ATO to allow distribution of company's assets	
		Preparation of dividend calculation	
		Preparation of correspondence to creditors announcing declaration of dividend	
		Advertise announcement of dividend	
		Preparation of distribution	
		Preparation of dividend file	
		Preparation of payment vouchers to pay dividend	
	Processing proofs of debt (POD)	Preparation of correspondence to potential creditors inviting lodgement of POD	
		Receipt of POD	
		Maintain POD register	
		Adjudicating POD	
		Request further information from claimants regarding POD	
		Preparation of correspondence to claimant advising outcome of adjudication	
<b>Employees</b>  Number of hours: 0 Cost: nil	Workers compensation claims	Review insurance policies	
		Receipt of claim	
		Liaising with claimant	
		Liaising with insurers and solicitors regarding claims	
		Identification of potential issues requiring attention of insurance specialists	
		Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements	
	Calculation of entitlements	Correspondence with previous brokers	
		Calculating employee entitlements	
		Reviewing employee files and company's books and records	
		Reconciling superannuation accounts	
	Employee dividend	Reviewing awards	
		Liaising with solicitors regarding entitlements	
		Correspondence with employees regarding dividend	
			Correspondence with ATO regarding SGC proof of debt



		Calculating dividend rate
		Preparing dividend file
		Advertising dividend notice
		Preparing distribution
		Receipting POD
		Adjudicating POD
		Ensuring PAYG is remitted to ATO
	Employee enquiries	Receive and follow up employee enquiries via telephone
		Maintain employee enquiry register
		Review and prepare correspondence to creditors and their representatives via email and post
		Preparation of letters to employees advising of their entitlements and options available
		Receive and prepare correspondence in response to employee's objection to leave entitlements
	FEG	Correspondence with FEG
		Preparing notification spreadsheet
		Preparing FEG quotations
		Completing FEG questionnaires
	Other employee issues	Correspondence with Child Support
		Correspondence with Centrelink
<b>Investigation</b> Number of hours: 0 Cost: nil	ASIC reporting	Preparing statutory investigation reports
		Preparing affidavits seeking non-lodgement
		Liaising with ASIC
	Conducting investigation	Conducting and summarising statutory searches
		Preparation of comparative financial statements
		Preparation of deficiency statement
		Review of specific transactions and liaising with directors regarding certain transactions
		Preparation of investigation file
		Lodgement of investigation with the ASIC
		Preparation and lodgement of supplementary report if required
		Collection of company books and records
		Correspondence with ASIC
		Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements on ROCAP
		Review and preparation of company nature and history
	Examinations	Preparing brief to solicitor
		Liaising with solicitor(s) regarding examinations
		Attendance at examination
		Reviewing examination transcripts
		Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation/Recoveries	Internal meetings to discuss status of litigation
	Preparing brief to solicitors	
	Liaising with solicitors regarding recovery actions	
	Attending to negotiations	
	Attending to settlement matters	
<b>Trade On</b> Number of hours: 0 Cost: nil	Budgeting and financial reporting	Reviewing company's budgets and financial statements
		Preparing budgets
		Preparing weekly financial reports
		Finalising trading profit or loss
		Meetings to discuss trading position
		Entering receipts and payments into accounting system
	Trade on management	Authorising purchase orders



		Maintaining purchase order registry
		Preparing and authorising receipt vouchers
		Preparing and authorising payment vouchers
		Liaising with superannuation funds regarding contributions, termination of employees' employment
		Liaising with OSR regarding payroll tax issues
		Liaising with suppliers
		Liaising with management and staff
		Attendance on site
<b>Other professional services provided by the firm</b>		Other

## Part 6 Resolution 2 - Calculation of Remuneration

My estimate of the upper limit (exclusive of GST) has been determined as follows:

Employee Name	Title	\$ rate per hour (excl. GST)	Total hours	Total (ex GST) (\$)
Damien M Hodgkinson	Appointee / Director	630	1.3	819.00
Lucy Vecchio	Director	570	0.8	456.00
Danny Bui	Senior 1	325	1.6	520.00
Rui Wang	Senior 1	325	1.2	390.00
Jenny Kim	Intermediate 1	250	3.7	925.00
<b>Total</b>			<b>8.6</b>	<b>3,110.00</b>
<b>Average hourly rate</b>				<b>361.63</b>

## Part 7 Description of work to be completed in Deed of Company Arrangement Period

### Resolution 3 – DOCA

Should the Company be placed into Deed of Company Arrangement, I will be seeking approval of my professional fees as Deed Administrator for the period from the commencement of the DOCA to the conclusion of the DOCA on an interim basis at \$3,090.00 plus GST to be drawn progressively as earned.

If necessary, I will seek further approval from creditors by convening a meeting of creditors or obtain Court approval to obtain approval of any additional fees.

The extent of remuneration will be limited to the funds available and may be less than the remuneration approval being sought.

<b>Company:</b>	SETTLERS COMPANY PTY LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)	<b>Period From:</b>	DOCA Commencement to
		<b>Period To:</b>	Conclusion
<b>Practitioner(s):</b>	Damien Hodgkinson	<b>Firm:</b>	DEM Australasia Pty Limited
<b>Administration Type:</b>	Deed of Company Arrangement		

Category	Task Area	Task
<b>Administration</b>  Number of hours: 7.0 Cost: \$2,580.00	Correspondence	Correspondence
	ASIC forms and lodgements	Preparing and lodging ASIC Form 505 Commence an administration of a specified company
		Preparing and lodging ASIC Form 5602 Annual administration return
		Preparing and lodging ASIC Form 5601 Statutory report by a liquidator to creditors





		Preparing and lodging ASIC Form 524 Presentation of accounts and statement ("structured data")
		Preparing and lodging ASIC Form 5011 Copy of minutes of meeting
		Preparing and lodging ASIC Form
		Preparing and lodging ASIC Form 531 Copy of DIRRI
		Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment
		Preparing BAS
		Completing STP reporting obligations
	Bank account administration	Preparing correspondence opening and closing accounts
		Retrieving bank statements
		Bank account reconciliations
		Correspondence with bank regarding specific transfers
		Requesting bank statements
	Books and Records/Storage	Dealing with records in storage
		Sending job files to storage
		Correspondence
	Document maintenance/file review/checklist	First month administration review
		Six month administration review
		Filing of documents
		File reviews
		Updating checklists
		Create new file in CORE IPS
		Create new DMS file in SharePoint
	Finalisation	Notifying ATO of finalisation
		Completing checklists
		Cancelling ABN/GST/PAYG registration
		Finalising WIP
	Insurance	Identification of potential issues requiring attention of insurance specialists
		Correspondence with insurer regarding initial and ongoing insurance requirements
		Reviewing insurance policies
	Correspondence with previous brokers	
Planning/Review	Discussions regarding status of administration	
<b>Assets</b>	Other Assets	Asset subject to specific charges
		Other Assets
Number of hours: 0 Cost: nil	Debtors	Correspondence with debtors
		Reviewing and assessing debtors' ledgers
		Liaising with debt collectors and solicitors
	Leasing	Reviewing leasing documents
		Liaising with owners/lesors
		Tasks associated with disclaiming leases
<b>Creditors</b>	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries
		Maintaining creditor request log
		Review and prepare initial correspondence to creditors and their representatives
		Documenting
		Considering reasonableness of creditor requests
		Obtaining legal advice on requests
		Documenting reasons for complying or not complying with requests or directions
		Compiling information requested by creditors
	Creditor reports	Preparing Statutory Report by Liquidator
		Preparing Statutory Report by Voluntary Administrator's



		Preparing meeting notices	
		Preparing general reports to creditors	
		Preparing investigation report to creditors	
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend	
		Corresponding with OSR and ATO regarding POD when not related to a dividend	
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements	
		Forward notice of meeting to all known creditors	
		Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting	
		Preparation and lodgement of minutes of meetings with ASIC	
		Responding to stakeholder queries and questions immediately following meeting	
	Proposal to Creditors	Preparing proposal notices and voting forms	
		Forward notice of proposal to all known creditors	
		Reviewing votes and determine outcome of proposal	
		Preparation and lodgement of proposal outcome with ASIC	
	Retention of Claims	Search to the PPSR register	
		Notify PMSI creditors identified from PPSR register	
		Receive initial notification of creditor's intention to claim	
		Provision of retention of title claim form	
		Receive completed retention of title claim form	
		Maintain retention of title file	
		Meeting claimant on site to identify goods	
		Adjudicate retention of title claim	
		Forward correspondence to claimant notifying outcome of adjudication	
		Preparation of payment vouchers to satisfy valid claim	
		Preparation of correspondence to claimant to accompany payment claim (if valid)	
	Secure Creditor reporting	Notifying PPSR registered creditors of appointment	
		Preparing reports to secured creditor	
		Dealing with FTI the Secured Creditor	
	Shareholder queries	Initial day one letters	
		ITAA Section 104-145(1) declarations	
		Responding to any shareholder legal action	
<b>Dividend</b>  Number of hours: 0 Cost: nil	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend	
		Advertisement of intention to declare dividend	
		Obtain clearance from ATO to allow distribution of company's assets	
		Preparation of dividend calculation	
		Preparation of correspondence to creditors announcing declaration of dividend	
		Advertise announcement of dividend	
		Preparation of distribution	
		Preparation of dividend file	
		Preparation of payment vouchers to pay dividend	
	Preparation of correspondence to creditors enclosing payment of dividend		
	Processing proofs of debt (POD)	Preparation of correspondence to potential creditors inviting lodgement of POD	
		Receipt of POD	
		Maintain POD register	
		Adjudicating POD	
		Request further information from claimants regarding POD	
		Preparation of correspondence to claimant advising outcome of adjudication	
			Review insurance policies



<p><b>Employees</b></p> <p>Number of hours: 0 Cost: nil</p>	Workers compensation claims	Receipt of claim	
		Liaising with claimant	
		Liaising with insurers and solicitors regarding claims	
		Identification of potential issues requiring attention of insurance specialists	
		Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements	
		Correspondence with previous brokers	
	Calculation of entitlements	Calculating employee entitlements	
		Reviewing employee files and company's books and records	
		Reconciling superannuation accounts	
		Reviewing awards	
	Employee dividend	Liaising with solicitors regarding entitlements	
		Correspondence with employees regarding dividend	
		Correspondence with ATO regarding SGC proof of debt	
		Calculating dividend rate	
		Preparing dividend file	
		Advertising dividend notice	
		Preparing distribution	
		Receipting POD	
	Employee enquiries	Adjudicating POD	
		Ensuring PAYG is remitted to ATO	
		Receive and follow up employee enquiries via telephone	
		Maintain employee enquiry register	
		Review and prepare correspondence to creditors and their representatives via email and post	
	FEG	Preparation of letters to employees advising of their entitlements and options available	
		Receive and prepare correspondence in response to employee's objection to leave entitlements	
		Correspondence with FEG	
		Preparing notification spreadsheet	
	Other employee issues	Preparing FEG quotations	
Completing FEG questionnaires			
Correspondence with Child Support			
<p><b>Investigation</b></p> <p>Number of hours: 0 Cost: nil</p>	ASIC reporting	Correspondence with Centrelink	
		Conducting investigation	Preparing statutory investigation reports
			Preparing affidavits seeking non-lodgement
	Liaising with ASIC		
	Conducting and summarising statutory searches		
	Preparation of comparative financial statements		
	Preparation of deficiency statement		
	Review of specific transactions and liaising with directors regarding certain transactions		
	Preparation of investigation file		
	Lodgement of investigation with the ASIC		
	Preparation and lodgement of supplementary report if required		
	Collection of company books and records		
Examinations	Correspondence with ASIC		
	Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements on ROCAP		
	Review and preparation of company nature and history		
	Preparing brief to solicitor		
	Liaising with solicitor(s) regarding examinations		
	Attendance at examination		
	Reviewing examination transcripts		



		Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation/Recoveries	Internal meetings to discuss status of litigation
		Preparing brief to solicitors
		Liaising with solicitors regarding recovery actions
		Attending to negotiations
		Attending to settlement matters
<b>Trade On</b> Number of hours: 0 Cost: nil	Budgeting and financial reporting	Reviewing company's budgets and financial statements
		Preparing budgets
		Preparing weekly financial reports
		Finalising trading profit or loss
		Meetings to discuss trading position
		Entering receipts and payments into accounting system
	Trade on management	Authorising purchase orders
		Maintaining purchase order registry
		Preparing and authorising receipt vouchers
		Preparing and authorising payment vouchers
		Liaising with superannuation funds regarding contributions, termination of employees' employment
		Liaising with OSR regarding payroll tax issues
		Liaising with suppliers
		Liaising with management and staff
	Attendance on site	
<b>Other professional services provided by the firm</b>		Other

## Part 8 Resolution 3 - Calculation of Remuneration

My estimate of the upper limit (exclusive of GST) has been determined as follows:

Employee Name	Title	\$ rate per hour (excl. GST)	Total hours	Total (ex GST) (\$)
Damien M Hodgkinson	Appointee / Director	630	1.0	630.00
Lucy Vecchio	Director	570	1.0	570.00
Danny Bui	Senior 1	325	2.1	682.50
Rui Wang	Senior 1	325	2.1	682.50
Jenny Kim	Intermediate 1	250	2.1	525.00
<b>Total</b>			<b>8.3</b>	<b>3,090.00</b>
<b>Average hourly rate</b>				<b>372.29</b>

## Part 9 Description of work to be completed in Liquidation period

### Resolution 4 – Liquidation

Should the Company be placed into Liquidation, I will be seeking approval of my professional fees as Liquidator for the period from the commencement of the liquidation to the conclusion of the liquidation on an interim basis at \$6,030.00 plus GST to be drawn progressively as earned.

If necessary, I will seek further approval from creditors by convening a meeting of creditors or obtain Court approval to obtain approval of any additional fees.

The extent of remuneration will be limited to the funds available and may be less than the remuneration approval being sought.



<b>Company:</b>	SETTLERS COMPANY PTY LIMITED (SUBJECT TO LIQUIDATION)	<b>Period From:</b>	Commencement of Liquidation to
<b>Practitioner(s):</b>	Damien Hodgkinson	<b>Period To:</b>	Conclusion
<b>Administration Type:</b>	Liquidation	<b>Firm:</b>	DEM Australasia Pty Limited

Category	Task Area	Task
<b>Administration</b>  Number of hours: 6.2 Cost: \$2,070.00	Correspondence	Correspondence
	ASIC forms and lodgements	Preparing and lodging ASIC Form 505 Commence an administration of a specified company
		Preparing and lodging ASIC Form 5602 Annual administration return
		Preparing and lodging ASIC Form 5601 Statutory report by a liquidator to creditors
		Preparing and lodging ASIC Form 524 Presentation of accounts and statement ("structured data")
		Preparing and lodging ASIC Form 5011 Copy of minutes of meeting
		Preparing and lodging ASIC Form
		Preparing and lodging ASIC Form 531 Copy of DIRRI
	ATO and other statutory reporting	Correspondence with ASIC regarding statutory forms
		Notification of appointment
		Preparing BAS
	Bank account administration	Completing STP reporting obligations
		Preparing correspondence opening and closing accounts
		Retrieving bank statements
		Bank account reconciliations
		Correspondence with bank regarding specific transfers
	Books and Records/Storage	Requesting bank statements
		Dealing with records in storage
		Sending job files to storage
	Document maintenance/file review/checklist	Correspondence
		First month administration review
		Six month administration review
		Filing of documents
		File reviews
		Updating checklists
		Create new file in CORE IPS
	Create new DMS file in SharePoint	
	Finalisation	Notifying ATO of finalisation
		Completing checklists
		Cancelling ABN/GST/PAYG registration
		Finalising WIP
	Insurance	Identification of potential issues requiring attention of insurance specialists
		Correspondence with insurer regarding initial and ongoing insurance requirements
Reviewing insurance policies		
Planning/Review	Correspondence with previous brokers	
	Discussions regarding status of administration	
<b>Assets</b>  Number of hours: 0 Cost: nil	Other Assets	Asset subject to specific charges
		Other Assets
	Debtors	Correspondence with debtors
		Reviewing and assessing debtors' ledgers
		Liaising with debt collectors and solicitors
	Leasing	Reviewing leasing documents
		Liaising with owners/lesors
Tasks associated with disclaiming leases		



<p><b>Creditors</b></p> <p>Number of hours: 7.7 Cost: \$2,707.50</p>	<p>Creditor Enquiries, Requests &amp; Directions</p>	Receive and respond to creditor enquiries
		Maintaining creditor request log
		Review and prepare initial correspondence to creditors and their representatives
		Documenting
		Considering reasonableness of creditor requests
		Obtaining legal advice on requests
		Documenting reasons for complying or not complying with requests or directions
		Compiling information requested by creditors
	<p>Creditor reports</p>	Preparing Statutory Report by Liquidator
		Preparing Statutory Report by Voluntary Administrator's
		Preparing meeting notices
		Preparing general reports to creditors
		Preparing investigation report to creditors
	<p>Dealing with proofs of debt</p>	Receipting and filing POD when not related to a dividend
		Corresponding with OSR and ATO regarding POD when not related to a dividend
	<p>Meeting of Creditors</p>	Preparation of meeting notices, proxies and advertisements
		Forward notice of meeting to all known creditors
		Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting
		Preparation and lodgement of minutes of meetings with ASIC
		Responding to stakeholder queries and questions immediately following meeting
	<p>Proposal to Creditors</p>	Preparing proposal notices and voting forms
		Forward notice of proposal to all known creditors
		Reviewing votes and determine outcome of proposal
		Preparation and lodgement of proposal outcome with ASIC
	<p>Retention of Claims</p>	Search to the PPSR register
		Notify PMSI creditors identified from PPSR register
		Receive initial notification of creditor's intention to claim
		Provision of retention of title claim form
		Receive completed retention of title claim form
		Maintain retention of title file
		Meeting claimant on site to identify goods
		Adjudicate retention of title claim
Forward correspondence to claimant notifying outcome of adjudication		
Preparation of payment vouchers to satisfy valid claim		
Preparation of correspondence to claimant to accompany payment claim (if valid)		
<p>Secure Creditor reporting</p>	Notifying PPSR registered creditors of appointment	
	Preparing reports to secured creditor	
	Dealing with FTI the Secured Creditor	
<p>Shareholder queries</p>	Initial day one letters	
	ITAA Section 104-145(1) declarations	
	Responding to any shareholder legal action	
<p><b>Dividend</b></p> <p>Number of hours: 0 Cost: nil</p>	<p>Dividend procedures</p>	Preparation of correspondence to creditors advising of intention to declare dividend
		Advertisement of intention to declare dividend
		Obtain clearance from ATO to allow distribution of company's assets
		Preparation of dividend calculation
		Preparation of correspondence to creditors announcing declaration of dividend
		Advertise announcement of dividend
Preparation of distribution		





		Preparation of dividend file
		Preparation of payment vouchers to pay dividend
		Preparation of correspondence to creditors enclosing payment of dividend
	Processing proofs of debt (POD)	Preparation of correspondence to potential creditors inviting lodgement of POD
		Receipt of POD
		Maintain POD register
		Adjudicating POD
		Request further information from claimants regarding POD
		Preparation of correspondence to claimant advising outcome of adjudication
<b>Employees</b> Number of hours: 0 Cost: nil	Workers compensation claims	Review insurance policies
		Receipt of claim
		Liaising with claimant
		Liaising with insurers and solicitors regarding claims
		Identification of potential issues requiring attention of insurance specialists
		Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements
		Correspondence with previous brokers
	Calculation of entitlements	Calculating employee entitlements
		Reviewing employee files and company's books and records
		Reconciling superannuation accounts
		Reviewing awards
		Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend
		Correspondence with ATO regarding SGC proof of debt
		Calculating dividend rate
		Preparing dividend file
		Advertising dividend notice
		Preparing distribution
		Receipting POD
		Adjudicating POD
		Ensuring PAYG is remitted to ATO
	Employee enquiries	Receive and follow up employee enquiries via telephone
		Maintain employee enquiry register
		Review and prepare correspondence to creditors and their representatives via email and post
		Preparation of letters to employees advising of their entitlements and options available
		Receive and prepare correspondence in response to employee's objection to leave entitlements
	FEG	Correspondence with FEG
Preparing notification spreadsheet		
Preparing FEG quotations		
Completing FEG questionnaires		
Other employee issues	Correspondence with Child Support	
	Correspondence with Centrelink	
<b>Investigation</b> Number of hours: 3.6 Cost: \$1,252.50	ASIC reporting	Preparing statutory investigation reports
		Preparing affidavits seeking non-lodgement
		Liaising with ASIC
	Conducting investigation	Conducting and summarising statutory searches
		Preparation of comparative financial statements
		Preparation of deficiency statement
		Review of specific transactions and liaising with directors regarding certain transactions
		Preparation of investigation file



		Lodgement of investigation with the ASIC
		Preparation and lodgement of supplementary report if required
		Collection of company books and records
		Correspondence with ASIC
		Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements on ROCAP
		Review and preparation of company nature and history
	Examinations	Preparing brief to solicitor
		Liaising with solicitor(s) regarding examinations
		Attendance at examination
		Reviewing examination transcripts
		Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation/Recoveries	Internal meetings to discuss status of litigation
		Preparing brief to solicitors
		Liaising with solicitors regarding recovery actions
		Attending to negotiations
		Attending to settlement matters
<b>Trade On</b> Number of hours: 0 Cost: nil	Budgeting and financial reporting	Reviewing company's budgets and financial statements
		Preparing budgets
		Preparing weekly financial reports
		Finalising trading profit or loss
		Meetings to discuss trading position
		Entering receipts and payments into accounting system
	Trade on management	Authorising purchase orders
		Maintaining purchase order registry
		Preparing and authorising receipt vouchers
		Preparing and authorising payment vouchers
		Liaising with superannuation funds regarding contributions, termination of employees' employment
		Liaising with OSR regarding payroll tax issues
		Liaising with suppliers
		Liaising with management and staff
		Attendance on site
<b>Other professional services provided by the firm</b>		Other

#### Part 10 Resolution 4 - Calculation of Remuneration

My estimate of the upper limit (exclusive of GST) has been determined as follows:

Employee Name	Title	\$ rate per hour (excl. GST)	Total hours	Total (ex GST) (\$)
Damien M Hodgkinson	Appointee / Director	630	1.4	882.00
Lucy Vecchio	Director	570	1.4	798.00
Danny Bui	Senior 1	325	4.7	1,527.50
Rui Wang	Senior 1	325	4.3	1,397.50
Jenny Kim	Intermediate 1	250	5.7	1,425.00
<b>Total</b>			<b>17.5</b>	<b>6,030.00</b>
<b>Average hourly rate</b>				<b>344.57</b>

#### Part 11 Statement of Remuneration Claim

At the forthcoming meeting of creditors:

- I will table full details of the costs and work performed by my staff and myself;



- I will be seeking the following resolutions (Resolution 1 and Resolution 2) from creditors for my professional fees as Administrator;

**Resolution 1**

*"that the remuneration of the Administrator and his staff is approved from 26 August 2019 to 21 May 2020 in the sum of \$12,703.17 plus GST calculated for work already completed and billed by reference to the hourly rates applicable to the grades or classifications set out in the Remuneration Request Approval Report dated 21 May 2020, and that the Administrator be authorised to draw that amount as and when incurred".*

**Resolution 2**

*"that the remuneration of the Administrator and his staff is approved from 22 May 2020 to the conclusion of Voluntary Administration is approved in the sum of \$3,110.00 plus GST calculated by reference to the hourly rates applicable to the grades or classifications set out in the Remuneration Request Approval Report dated 21 May 2020, and that the Administrator be authorised to draw that amount as and when incurred".*

- I will be seeking approval for my future professional fees as Deed Administrator contained in the following resolution from creditors, in the event the company enters into Deed of Company Arrangement.

**Resolution 3**

*"that the remuneration of the Deed Administrator and his staff from the commencement of the DOCA to the conclusion of the DOCA is set on an interim basis in the sum of \$3,090.00 plus GST, to be calculated by reference to the hourly rates applicable to the grades or classifications set out in the Remuneration Request Approval Report dated 21 May 2020, and that the Deed Administrator be authorised to draw that amount as and when incurred".*

- I will be seeking approval for my future professional fees as Liquidator contained in the following resolution from creditors, in the event the company be placed into Liquidation.

**Resolution 4**

*"that the remuneration of the Liquidator and his staff from the commencement of the Liquidation to the conclusion of the Liquidation is set on an interim basis in the sum of \$6,030.00 plus GST, to be calculated by reference to the hourly rates applicable to the grades or classifications set out in the Remuneration Request Approval Report dated 21 May 2020, and that the Liquidator be authorised to draw that amount as and when incurred".*

Creditors should note that if my future remuneration is less than this amount, the lesser amount will only be claimed.

It will be necessary for me to convene a further meeting of creditors to obtain approval of any additional fees or obtain Court approval or the approval of a Committee of Creditors, to draw any additional fees as Administrator, Deed Administrator or Liquidator.

**Part 12 Remuneration Recoverable from External Sources**

Assetless Administration Fund

Liquidators of insolvent companies may make application to the Australian Securities and Investments Commission ("ASIC") for funding via the Assetless Administration Fund. Broadly, such funding enables Liquidators to carry out further investigations into a company's affairs and prepare additional reports to ASIC especially in circumstances where there may be possible breaches of the Corporations Act or of misconduct, in particular, by current or former officers of a company.

- Any remuneration payments received by the Liquidator from the Assetless Administration Fund operated by ASIC are considered separate arrangements involving a limited or partial funding agreement. Where higher fees are incurred than the amount covered by the funding agreement there is no restriction in the Administration being charged for the shortfall on the basis that all remuneration claimed is necessary and properly incurred in accordance with the ARITA Code of Professional Conduct.

**Part 13 Disbursements**

Disbursements are divided into three types:



- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

**DISBURSEMENT PAID**

As there have been no realisations to date, no disbursements have been paid from this administration.

**FUTURE DISBURSEMENTS**

Future external disbursements (both professional and non-professional) may be required and incurred in the remainder of the liquidation. I am unable to estimate the amount of future external disbursements. Any future external disbursements will be charged at cost.

The following future internal disbursements are expected to be incurred on the following basis:  
 Future disbursements provided by my firm will be charged to the administration on the following basis:

Internal disbursements	Rate (Excl GST)
Postage	At cost
Photocopying	At cost
Printing and stationery	At cost
Books and Records Storage	At cost
Books and Records Transport	At cost
Staff Vehicle Use	ATO Standard Rate per Km

Scale applicable for financial year ending 2020.

**Part 14 Report on Progress of the Administration**

Please refer to my report for particulars regarding the status and progress of the administration.

If you have any queries or require additional information, please do not hesitate to contact Danny Bui (danny.bui@demasiagroup.com) of this office on (02) 8004 4313.

**Part 15 Queries**

Committee members are welcome to contact Danny Bui (danny.bui@demasiagroup.com) of this office on (02) 8004 4313 if they have any queries or require additional information.

**Part 16 Information Sheet**

A copy of the Information Sheet titled 'Approving Fees: A Guide for Creditors' is attached to this Remuneration Request Approval Report.

The insolvency partners of DEM Australasia are members of the Australian Restructuring Insolvency & Turnaround Association and follow the ARITA Code of Professional Practice ("COPP").

A copy of the COPP can be found at the ARITA Website [www.arita.com.au](http://www.arita.com.au).

**Part 17 Initial Advice to Directors**

**Remuneration Methods**



There are four basic methods that can be used to calculate the remuneration charged by an insolvency Practitioner. They are:

1. **Time based / hourly rates**  
This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
2. **Fixed Fee**  
The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.
3. **Percentage**  
The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
4. **Contingency**  
The practitioner’s fee is structured to be contingent on a particular outcome being achieved.

**Method chosen**

Given the nature of this DOCA, we propose that our remuneration be calculated on Time based / hourly rates. This is because:

- It ensures that creditors are only charges for work that is performed
- The Deed Administrator is unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the DOCA.
- The Deed Administrator is required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.

**Explanation of Hourly Rates**

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly Rate (excl GST)
Appointee / Director	Official or Registered Liquidator or Managing Director of DEM Australasia Pty Limited.	\$630
Associate / Director	More than 10 years experience. Qualified and capable of controlling all aspects of an appointment. May be appropriate to take appointments in their own right.	\$570
Manager 1	Typically, CA or CPA qualified. 7 + years insolvency experience, likely more than 3 years as manager, tertiary qualified. Answerable to the appointee but otherwise responsible for all aspects of administration. Capable of controlling all aspects of an insolvency appointment.	\$495
Manager 2	Typically, CA or CPA qualified. 6 - 7 years + insolvency experience. Controls all allocated insolvency tasks. Well-developed technical and commercial skills.	\$425
Supervisor	Typically, CA or CPA qualified. 4 to 6 years' experience. Will have had conduct or minor administrations and experience in control of staff. Assists planning and controls medium to larger appointments. Reports to manager.	\$380
Senior 1	Typically, 2 to 4 years' experience. CA or CPA program commenced or completed. Required to control and or assist on the fieldwork on insolvency appointments. Reports to supervisor / manager.	\$325



Title	Description	Hourly Rate (excl GST)
Senior 2	Typically, 1 to 2 years' experience. Likely tertiary course underway or near complete. Required to control and or assist on the fieldwork on insolvency appointments. Reports to supervisor / manager.	\$295
Intermediate 1	Typically, up to 2 years' experience. Required to assist on fieldwork for insolvency appointments. Reports to more senior staff.	\$250
Intermediate 2	Typically, less 1 year insolvency experience. Trainee likely undertaking a degree with an accountancy major. Required to assist on fieldwork for insolvency appointments. Reports to more senior staff.	\$200
IT Administrator	Appropriate skills.	\$220
Secretary / WPO	Appropriate skills including machine usage.	\$180
Clerk	Non-qualified but passed HSC. Classification would depend on experience, salary and complexity of work to be conducted.	\$140
Junior	HSC. Plans to undertake at least part-time degree/diploma. Required to assist in administration and day-to-day fieldwork under supervision of more senior staff.	\$140

*Notes*

- 1. The abovementioned hourly rates are exclusive of GST.*
- 2. The above staff descriptions are intended a general guide only to the experience and qualifications of staff engaged in the external administration.*
- 3. Time is recorded and charged to the administration in six-minute increments.*

DATED this 21 May 2020.

**DAMIEN HODGKINSON**  
**ADMINISTRATOR**





## ASIC Guide for

### INFORMATION SHEET 85

## Approving fees: A guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet (INFO 85) gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (the fees of a receiver are fixed by the secured creditor that appoints the receiver and are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

It covers:

- entitlement to fees and costs
- who may approve fees
- calculation of fees
- initial remuneration notice
- report on proposed fees
- deciding if fees are reasonable
- reimbursement of out-of-pocket costs
- queries and complaints

### Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable fees, or remuneration, for the necessary work they properly perform, once these fees have been approved by creditors, a committee of inspection or a court
- reimbursed for out-of-pocket costs incurred in performing their role.

External administrators are only entitled to an amount of fees that is reasonable for the necessary work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging with ASIC a detailed listing of receipts and payments, known as an annual administration return, annually on the anniversary of their appointment and at the end of their administration.

The external administrator is entitled to be paid for completing these statutory tasks.

**Note:** If the external administration commenced prior to 1 September 2017, the external administrator will continue to lodge the six-monthly Form 524 Presentation of accounts and statement until the six-month period ending on the first anniversary of their appointment date. Thereafter, they will lodge the annual administration return (AAR Form 5602).

Out-of-pocket costs that are commonly reimbursed include:

- legal fees
- valuer's, real estate agent's and auctioneer's fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will generally be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

### Who may approve fees

An external administrator's fees must be approved by one of the following ways:

- by resolution of creditors
- by a committee of inspection (if there is a committee of inspection) if no resolution has been passed by creditors
- by the court if neither the creditors nor a committee of inspection have passed a resolution.

**Note:** An external administrator in a members' voluntary winding up must have fees approved by a resolution of the company, or the court.

The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

If fees are not approved by the relevant decision-making body, the liquidator is entitled to be paid reasonable fees up to a maximum of \$5,000 excluding GST (indexed annually).

### **Creditors' approval at a creditors' meeting**

Creditors can approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution passes if a simple majority of creditors present and voting, in person or by proxy, indicates that they agree to the resolution.

If a poll is taken, rather than a vote being decided on the voices, a majority in number and value of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a general proxy or a special proxy. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

### **Creditors' approval without a creditors' meeting**

Instead of convening a creditors' meeting, the external administrator can put proposals to creditors by giving notice in writing.

This notice must be given to each creditor who would be entitled to receive notice of a meeting and:

- include a statement of the reasons for the proposal and the likely impact the proposal will have on creditors
  - invite the creditor to either:
  - vote 'yes' or 'no' for the proposal
- object to the proposal being resolved without a meeting
- specify a reasonable time for creditors' replies to be received by the external administrator.

To vote on the proposal, a creditor must lodge details of your debt or claim with the external administrator and complete the voting documents provided by the external administrator.

Creditors can vote 'yes' or 'no' on the proposal or object to the proposal being resolved without a creditors' meeting. You should return your response to the external administrator within the time specified in the notice which must be at least 15 business days after the notice is given to creditors.

A resolution is passed if the majority of creditors in number and value who responded to the notice voted 'yes' and if not more than 25% in value of the creditors who responded objected to the proposal being resolved without a creditors' meeting.

The external administrator should provide creditors enough information to allow them to make an informed decision about the proposal. A creditor should contact the external administrator to obtain further information if they think it necessary for them to make a decision.

The external administrator must lodge with ASIC the outcome of the proposal. A copy of the outcome of the proposal may be obtained by searching the ASIC registers and paying the relevant fee.

### **Committee of inspection approval**

If there is a committee of inspection, the committee of inspection can approve an external administrator's fees. In approving the fees, the members represent the interests of all creditors or employees, not just their own individual interests.

A committee of inspection makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about committees of inspection and how they are formed, see Information Sheet 45 Liquidation: A guide for creditors (INFO 45), Information Sheet 74 Voluntary administration: A guide for creditors (INFO 74) and Information Sheet 41 Insolvency: A glossary of terms (INFO 41).

### **Calculation of fees**

Fees may be calculated using one of a number of different methods, such as:

- on the basis of time spent by the external administrator and their staff
- a quoted fixed fee, based on an upfront estimate
- a percentage of asset realisations.

Charging on a time basis is the most common method. If an external administrator seeks approval for charging wholly or partly on a time basis, and the work is yet to be carried out, the approval sought must include a maximum limit ('cap') on the amount of remuneration the external administrator is entitled to receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors/committee to approve a further amount of fees, after accounting for the fees already incurred.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator. If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees. It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business – an insolvency practice – and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

## Initial remuneration notice

The external administrator must send creditors a notice setting out the following information if they propose to seek fee approval for the external administration:

- the method by which they seek to be paid
- the rate of fees
- an estimate of the expected amount of total fees
- the method how out-of-pocket costs will be calculated
- a brief explanation of the different methods to calculate fees
- an explanation why they chose the particular fee method by which they seek to be paid
- if a time-cost basis was chosen, the hourly rates of the external administrator and other staff who will work on the external administration.

This initial remuneration notice must be sent to creditors:

- in a voluntary administration – at the same time as the notice of the first meeting of creditors is sent
- in a court liquidation – within 20 business days after the liquidator's appointment
- in a voluntary liquidation – within 10 business days after the day of the meeting at which the resolution to wind up the company is passed.

## Report on proposed fees

When seeking approval of fees, the external administrator must send creditors/committee members a report setting out:

- a summary description of the major tasks performed, or likely to be performed
- the costs associated with each of these tasks and the method of calculation of the costs
- the periods when funds will be drawn to pay the fees
- an estimated total amount, or range of amounts, of total fees
- an explanation of the likely impact the fees will have on any dividends to creditors
- such other information that will assist in assessing the reasonableness of the fees claimed.

Creditors/committee members may be asked to approve fees for work already performed or an estimate of work yet to be carried out. For more on the tasks involved, see INFO 45 and INFO 74.

## Deciding if fees are reasonable

If asked to approve an amount of fees, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

In addition to the information the external administrator must provide to you before seeking approval of fees, you may find the following additional information from the external administrator useful in deciding if the fees claimed are for necessary work properly performed and reasonable:

- an explanation of why the work performed was necessary
- the size and complexity (or otherwise) of the external administration
- the value and nature of the property dealt with
- the level of risk or responsibility involved with the external administration
- whether there are any extraordinary issues that were required to be dealt with
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:

- the period over which the work was or is likely to be performed
- the time spent by each level of staff on each of the major tasks performed or likely to be performed
- if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

### What can you do if you think the fees are not reasonable?

If you do not think the fees claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if creditors or a committee of inspection approves fees and you wish to challenge this decision, you may apply to the court and ask the court to review the fees.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

As well as a court review of the external administrator's fees, creditors (by resolution of creditors) or one or more creditors (with the external administrator's consent) can appoint a registered liquidator to carry out a review of fees and/or costs incurred by the external administrator of the company.

**Note:** A creditor can also apply to ASIC in the approved form for it to appoint a reviewing liquidator (see Form 5605 Application for ASIC to appoint a reviewing liquidator).

This review is limited to:

- remuneration approved within the six months before the reviewing liquidator is appointed
- costs or expenses incurred during the 12-month period before the reviewing liquidator is appointed (unless the external administrator agrees to a longer period).

The reviewing liquidator must be a registered liquidator. A creditor who wishes to appoint a reviewing liquidator must approach a registered liquidator to get a written consent from that person that they would be prepared to act as reviewing liquidator. The person must also make a written declaration about any relationships they or their firm may have that might affect their independence to act as reviewing liquidator.

The external administrator and their staff, must cooperate with the reviewing liquidator.

If creditors pass a resolution to appoint the reviewing liquidator, the reviewing liquidator's costs form part of the expenses of the external administration of the company. If one or more of the creditors appoint the reviewing liquidator with the consent of the external administrator, the reviewing liquidator's costs are borne by the creditor(s) appointing the reviewing liquidator.

### Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration – as careful as if they were dealing with their own money. Their report on fees must also include information on the out-of-pocket costs of the external administration.

Out of pocket expenses (or disbursements) can be categorised into:

- external services or costs such as legal fees, valuation fees, travel, accommodation and search fees
- internal services or costs such as photocopying, printing and postage.

External costs are usually charged at cost and do not require prior approval of creditors.

Internal costs may be charged at a rate higher than actual cost in order to recover overheads and similar costs. In instances where costs are charged at a rate higher than cost, the external administrator will need to obtain creditor approval before being reimbursed.

When seeking approval of out-of-pocket expenses, the external administrator must send creditors/committee members a report setting out:

- a summary description of the out-of-pocket expenses
- how they were calculated
- the total amount the external administrator is seeking reimbursement for
- why the expenses were necessary.

Creditors/committee members may be asked to approve reimbursement of out-of-pocket expenses for expenses already incurred or an estimate of expenses to be incurred.

If the expenses are yet to be incurred, a maximum limit ('cap') should be placed on the amount that the external administrator may incur and reimbursed for.

### Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a report of misconduct with ASIC – see How to complain.

Lodging your report of misconduct online ensures the quickest response from ASIC to your concerns.

ASIC usually does not become involved in matters of an external administrator's commercial judgement.

Reports of misconduct against companies and their officers can also be made to ASIC.

If you cannot report misconduct online to ASIC, you can contact us on 1300 300 630.

### Where can I get more information?

For an explanation of terms used in this information sheet, see Information Sheet 41 Insolvency: A glossary of terms (INFO 41). For more on external administration, see the related information sheets listed in Information Sheet 39 Insolvency information for directors, employees, creditors and shareholders (INFO 39).

Further information is available from the Australian Restructuring Insolvency & Turnaround Association (ARITA) website. The ARITA website also contains the ARITA Code of Professional Practice for Insolvency Practitioners.

### Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice. You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases your particular circumstances must be taken into account when determining how the law applies to you.

*This is Information Sheet 85 (INFO 85), updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.*

**ANDREW FAULK**  
**REPORT ON COMPANY ACTIVITIES AND PROPERTY**

**SCHEDULE A5**

CREDITOR	POSTAL ADDRESS	EMAIL ADDRESS	TICK IF SECURED	PPSR (IF APPLICABLE)	IF SECURED, GIVE ASSET DETAILS	TICK IF RELATED PARTY	AMOUNT OWING
ADH Golf and Utility Vehicles	Unit 1, 42 Achievement Way Wangara WA 6065	admin@adhgroup.com.au					370.23
Agentpoint Pty Ltd	Level 3, 100 Harris Street Prymont NSW 2009	invoices@agentpoint.com.au					110.00
Alice Mavis Martin	PO Box 273 Rockhampton QLD 4700	paul.stewart@pt.qld.gov.au					121,276.82
Australian Securities & Investments Commission (ASIC)							1,566.00
Barry James Bainbridge	73/ 14 Pauline Martin Drive Rockhampton QLD 4700						124,889.09
Beatrice Alicia Thompson	PO Box 273 Rockhampton QLD 4700	paul.stewart@pt.qld.gov.au					129,333.15
Blue Skies Property Maintenance	PO Box 5316 Daisy Hill QLD 4127	info@blueskiesproperty.com.au					180.00
Craig Hill Plumbing (QLD) Pty Ltd	PO Box 5384 Rockhampton QLD 4701	admin@craighillplumbing.com.au					3,919.30
Dellis Casey	10 Samuel Court Darling Heights QLD 4350	wreddy@grantsimpson.com.au					126,897.92
Delphine Joan Graham	Unit 2 / 45 Channel Street Cleveland Qld, 4163	danielz3@bigpond.net.au					123,811.12
Domayne Shutters & Blinds	PO Box 4546 Forest Lake QLD 4078	domayneshutters@gmail.com					1,300.00
Ernest Noel Bishop	34 East Street Rockhampton QLD 4700						157,655.25
Estate of the Late Marion Nancy Musgrove	86/ 41 High Street Forest Lake QLD 4078						146,156.60
Harold Lake Morris	PO Box 1611 Rockhampton QLD 4700						118,745.43
Ingenia	Level 9, 115 Pitt Street, Sydney NSW 2000					Y	979,630.30
Investec	Level 23, The Chifley Tower, 2 Chifley Square, Sydney NSW 2000	clientservices@investec.co.uk					37,836.75
Jean Walls	242 Flanagan Street Frenchville QLD 4701						141,862.71
Joan Florence McGregor	PO Box 1024 Rockhampton QLD 4700	scott@plantability.com.au; nicolec@reesjones.com.au					120,019.79
Joan Nunn	PO Box 1611 Rockhampton QLD 4700						136,036.84
Larges Furniture	28 Bank Street Park Avenir QLD 4701	accounts@largesfurniture.com.au					226.60
Lena Roka Wilson	157 Fitzroy Street Allentown QLD 4700	jharney@bresso.com.au johncullotynz@yahoo.co.nz karenwilson22@bigpond.com					164,104.01



**SCHEDULE A5**

May Franks	8 Gott Street North Rockhampton QLD 4701	lmo27384@bigpond.net.au					148,985.24
McClelland Electrical Pty Ltd	53 Kondalilla Parade Forest Lake QLD 4078	mcclelland5@bigpond.com					209.00
Minter Ellison	GPO Box 521 Sydney NSW 2001	statementqueries@minterellison.com					22,181.18
Moodie Services Pty Ltd	38 Cocas Street Regents Park WLD						910.00
Peel Plumbing and Gas	PO Box 1580 Mandurah WA 6210	peelpumbing@westnet.com.au					2,170.00
Programmed Property Services	168 Abernethy Road Belmont WA 6104	ppscrcedit@programmed.com.au					2,244.00
Rockhampton Regional Council	PO Box 1860 Rockhampton QLD 4700	enquires@rrc.qld.gov.au					31,946.15
Settlers Ridgewood Rise - Operations Wages - Paul Heather	54 Ballymote Gardens Ridgewood WA 6030	jopaulheather@yahoo.com.au					764.93
Staigers	68 Tifera Circle Kallaroo WA 6025						1,386.00
STT Electrical Services	PO Box 5159 Red Hill QLD 4701	rockhampton@sttelectrical.com					1,594.95
The Moodie Family Trust	38 Cocas Street Regents Part QLD 4118	clarkico@me.com					580.00
Trojan Garage Door Services	#3 5-7 Hephher Road Campbelltown NSW 2560						75.00
Water Corporation	PO Box 1600 Osborne Park DC WA 6916	megoodtiler@bigpond.com					170.42

**Total**

**2,849,144.78**

ANDREW FAULK  
REPORT ON COMPANY ACTIVITIES AND PROPERTY

SCHEDULE A6

DEBTOR	ADDRESS	DESCRIPTION	AMOUNT OUTSTANDING	ESTIMATED REALISABLE	PPSR IF APPLICABLE	SECURITY TYPE DATE SECURED
Aileen Langley	97/ 194 Old Mandurah Road Ravenswood WA 6208	General Service Fee	388.48	388.48		
Allen & Lesley Liddelow	72/ 194 Old Mandurah Road Ravenswood WA 6208	General Service Fee	388.42	388.42		
Ashley & Tania Morrell	89/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	404.18	404.18		
Bernard & Lesley Johnson	71/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	388.48	388.48		
Chris Walker re: P & V Garbin	88/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	1,075.65	1075.65		
Edna Mason	40/ 194 Old Mandurah Road Ravenswood WA 6208	General Service Fee	388.48	388.48		
Ernest Hiddlestone	38/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	785.14	785.14		
Fleur Law & Amy Rowland	11/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	388.48	388.48		
Geoffrey & Shirley Hobson	70/ 194 Old Mandurah Road Ravenswood WA 6208	General Service Fee	388.48	388.48		
Gloria Simpson	9/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	388.48	388.48		
Granville & Jean Pratt	94/ 194 Old Mandurah Road Ravenswood WA 6208	General Service Fee	388.48	388.48		
Gregory & Jacqueline Wyland	39/ 194 Old Mandurah Road Ravenswood WA 6208	General Service Fee	388.48	388.48		
Jacqueline McLean	77/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	388.48	388.48		
Jean Melville	61/ 194 Old Mandurah Road Ravenswood WA 6208	General Service Fee	388.42	388.42		
Joan Duckett	69/ 194 Old Mandurah Road Ravenswood WA 6208	General Service Fee	388.48	388.48		
Keith & Thomasina Hallam	48/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	24.40	24.4		
Kenneth & Daphne Martin	26/ 194 Old Mandurah Road Ravenswood WA 6208	General Service Fee	388.48	388.48		
Leslie & Frances Holgate	54/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	388.48	388.48		
Maurice & Judy Stapely	92/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	388.48	388.48		
Norma Butt & Estate of Late John Butt	58/ 194 Old Mandurah Road Ravenswood WA 6208	General Service Fee	404.18	404.18		
Patricia Collins	34/ 194 Old Mandurah Road Ravenswood WA 6208	General Service Fee	384.64	384.64		
Peggy Powell	46/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	404.18	404.18		
Peter Bond re: K & L Grande	30/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	1,177.71	1177.71		
Reginald & Valerie Pyke	35/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	388.48	388.48		
Robert & Janise Todd	4/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	388.42	388.42		
Ron Taylor re: K & E McWhirter	18/ 194 Old Mandurah Road Ravenswood WA 6208	Rent	1,177.71	1177.71		
<b>Total</b>			<b>12,441.77</b>	<b>12,441.77</b>		

Schedule A7: Company's Assets

Asset Description	Location/Address where asset is located. With Bank Accounts, give Bank A/c details including A/c Number	Security held by (If Applicable)	Estimated Asset Value (\$)
<b>Bank Accounts</b>			
	FOREST LAKE VILLAGE CRF Acc No: 014255-836904157		93,439.70
	SCHEME OPERATOR CO. Acc No: 014255-836922048		207,368.36
	SETTLERS PROPERTY TRUST Acc No: 014255-836922056		11,446.92
	ROCKHAMPTON VILLAGE CRF Acc No: 014255-836904173		26,415.51
<b>Other Assets</b>			
Recoverable Improvements	DMF Clearing Account		756,818.80
Real Property	Ravenswood, WA (Settlers Lakeside) 101/194 Old Mandurah Road, RAVENSWOOD WA 6208	Investec 1 <sup>st</sup> Mortgage	Per CBRE Valuations Report at 1 April 2019, Market Value as Going Concern: \$18,300,000
Real Property	Ridgewood, WA (Settlers Ridgewood Rise) 76 Ridgewood Blvd, RIDGEWOOD WA 6030	Investec 1 <sup>st</sup> Mortgage	Per CBRE Valuations Report at 1 April 2019, Market Value as Going Concern: \$18,550,000
Real Property	Wandal, QLD (Settlers Rockhampton) 14 Pauline Martin Drive WANDAL QLD 4701	Investec 1 <sup>st</sup> Mortgage	Per CBRE Valuations Report at 1 May 2019, Market Value as Going Concern: \$2,550,000
Real Property	Forest Lake, QLD (Settlers Forest Lake) 41 High Street, FOREST LAKE QLD 4078	Investec 1 <sup>st</sup> Mortgage	Per CBRE Valuations Report at 29 April 2019, Market Value as Going Concern: \$3,650,000
Real Property	Gilleston Heights, NSW (Settlers Ridge Estate) 276 Cessnock Road GILLIESTON HEIGHTS NSW 2321	Investec 1 <sup>st</sup> Mortgage	Per CBRE Valuations Report at 31 March 2019, Market Value as Going Concern: \$2,900,000

## Schedule A7: Company's Assets

Asset Description	Location/Address where asset is located. With Bank Accounts, give Bank A/c details including A/c Number	Security held by (If Applicable)	Estimated Asset Value (\$)
<b>Bank Accounts</b>			
	Settlers Company Pty Limited ATF Settlers Property Trust* Acc No: 014255-836922056		11,445.92
<b>Other Assets</b>			
Real Property *	Ravenswood, WA (Settlers Lakeside) 101/194 Old Mandurah Road, RAVENSWOOD WA 6208	Investec 1 <sup>st</sup> Mortgage	Per CBRE Valuations Report at 1 April 2019, Market Value as Going Concern: \$18,300,000
Real Property *	Ridgewood, WA (Settlers Ridgewood Rise) 76 Ridgewood Blvd, RIDGEWOOD WA 6030	Investec 1 <sup>st</sup> Mortgage	Per CBRE Valuations Report at 1 April 2019, Market Value as Going Concern: \$18,550,000
Real Property *	Wandal, QLD (Settlers Rockhampton) 14 Pauline Martin Drive WANDAL QLD 4701	Investec 1 <sup>st</sup> Mortgage	Per CBRE Valuations Report at 1 May 2019, Market Value as Going Concern: \$2,550,000
Real Property *	Forest Lake, QLD (Settlers Forest Lake) 41 High Street, FOREST LAKE QLD 4078	Investec 1 <sup>st</sup> Mortgage	Per CBRE Valuations Report at 29 April 2019, Market Value as Going Concern: \$3,650,000
Real Property *	Gilleston Heights, NSW (Settlers Ridge Estate) 276 Cessnock Road GILLIESTON HEIGHTS NSW 2321	Investec 1 <sup>st</sup> Mortgage	Per CBRE Valuations Report at 31 March 2019, Market Value as Going Concern: \$2,900,000

\* Note these assets were also disclosed in the Report on Company Activities and Property for Settlers Operations Pty Ltd, however are legally owned by Settlers Company Pty Ltd As Trustee For Settlers Property Trust and are therefore also disclosed here.



**Profit and Loss**  
**Settlers Operations Pty Ltd**  
**For the month ended 31 August 2019**

Annexure 8

	Aug-19	Jul-19	Jun-19	May-19	Apr-19	Mar-19	Feb-19
<b>Income</b>							
Commission income	\$0.00	\$9,075.00	\$0.00	\$11,137.50	\$27,885.00	\$20,075.00	\$0.00
Deferred management fee accr	\$0.00	\$0.00	\$0.00	\$104,166.98	-\$49,056.05	\$118,712.77	\$267,709.00
Deferred management fee cash	\$47,579.67	\$221,400.00	\$0.00	\$132,284.06	\$317,181.21	\$148,996.23	\$0.00
Interest income - bank	\$237.71	\$452.77	\$154.45	\$1,985.37	\$1,455.95	\$965.37	\$1,123.00
Rental income	\$1,536.26	\$1,536.26	\$1,519.51	\$1,519.51	\$1,519.51	\$1,519.51	\$1,519.51
RLL rental income	\$21,872.38	\$17,956.24	\$22,748.11	\$17,675.64	\$17,675.64	\$21,530.78	\$17,675.64
Sundry Income	\$66.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,250.09
Village administration fee	\$29,114.75	\$29,114.75	\$27,750.96	\$27,750.96	\$27,750.96	\$27,750.96	\$27,750.96
<b>Total Income</b>	<b>\$100,406.77</b>	<b>\$279,535.02</b>	<b>\$52,173.03</b>	<b>\$296,520.02</b>	<b>\$344,412.22</b>	<b>\$339,550.62</b>	<b>\$320,028.20</b>
<b>Gross Profit</b>	<b>\$100,406.77</b>	<b>\$279,535.02</b>	<b>\$52,173.03</b>	<b>\$296,520.02</b>	<b>\$344,412.22</b>	<b>\$339,550.62</b>	<b>\$320,028.20</b>
<b>Less Operating Expenses</b>							
Advertising - general	\$0.00	\$0.00	\$0.00	\$907.92	\$0.00	\$0.00	\$0.00
Advertising - print	\$0.00	\$110.00	\$0.00	\$8,588.39	\$0.00	\$1,727.20	\$0.00
Amortisation borrowing costs	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00
Annual leave expense	\$0.00	\$0.00	\$93.12	\$923.96	\$1,974.86	\$0.00	\$945.25
ASIC fees	\$0.00	\$0.00	\$1,487.00	\$0.00	\$0.00	\$0.00	\$522.00
Bad debts written off	\$0.00	\$0.00	\$0.02	\$3,637.44	\$0.00	\$245.99	\$0.00
Bank charges	\$45.49	\$129.07	\$48.00	\$163.36	\$72.25	\$58.95	\$61.50
Cleaning expense	\$0.00	\$0.00	\$1,386.00	\$2,787.00	\$995.00	\$109.00	\$1,507.50
Common facilities	\$0.00	\$0.00	\$3,300.00	\$0.00	\$0.00	\$0.00	\$0.00
Compliance - Portable Fire	\$0.00	\$0.00	\$0.00	\$1,365.00	\$0.00	\$0.00	\$0.00
Contractor gardens	\$0.00	\$0.00	\$0.00	\$600.00	\$600.00	\$600.00	\$600.00
Council rates	\$31,946.15	\$405.80	\$0.00	\$0.00	\$0.00	\$0.00	\$166.19
Current tax exp - statutory	\$0.00	\$0.00	\$0.00	\$0.00	\$164.00	\$0.00	\$164.00
Digital & direct digital	\$0.00	\$0.00	\$0.00	\$16,179.12	\$1,412.11	\$1,564.50	\$1,628.00
Direct marketing	\$0.00	-\$10,312.50	\$0.00	\$0.00	\$0.00	\$0.00	\$800.00
Donations	\$500.00	\$0.00	\$0.00	\$0.00	\$90.00	\$0.00	\$0.00
Electricity expense (non rec)	\$456.79	\$331.70	\$201.58	\$974.56	\$57.58	\$1,127.87	\$154.09
External Marketing	\$389.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$46,811.66
Fringe benefits tax expense	\$0.00	\$0.00	\$833.81	\$291.66	\$291.67	\$291.67	\$291.66
Fuel & oil	\$1,129.36	\$1,210.06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FV Adjustment of Derivatives	\$0.00	\$0.00	\$0.00	\$0.00	\$26,120.23	\$128,892.09	\$45,265.09
General Expenses	\$3,184.50	\$0.00	\$0.00	\$0.00	\$267.97	\$250.73	\$1,828.27
General repairs	\$891.50	\$485.00	\$10,685.50	\$3,427.81	\$3,001.51	\$5,238.14	\$19,758.05
Gifts	\$0.00	\$0.00	\$0.00	\$400.00	\$400.00	\$17.97	\$383.97
Gifts expense	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Hire of Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$238.61	\$238.61
Incentives	\$0.00	\$35,000.00	\$0.00	\$5,000.00	\$30,000.00	\$22,516.50	\$10,000.00
Interest exp - bank facility	\$0.00	\$0.00	\$0.00	\$131,022.17	\$145,778.62	\$131,022.18	\$131,022.17
Interest exp - non codeveloper	\$0.00	\$0.00	\$10,105.80	\$10,541.86	\$10,541.86	\$10,541.86	\$10,884.17
Interest Expense - Deferred Cons	\$10,541.86	\$10,541.86	\$0.00	\$60,620.00	\$40,413.00	\$40,413.00	\$40,413.00
Internet	\$492.82	\$0.00	\$0.00	-\$59.95	\$59.95	\$59.95	\$59.95
IT Consulting fees	\$479.43	\$2,850.98	\$2,390.20	\$0.00	\$0.00	\$0.00	\$0.00
Landlines	\$923.53	\$5,290.22	\$541.85	\$594.21	\$90.82	\$671.91	\$590.99
Late payment fees	\$0.00	\$0.00	\$79.00	\$0.00	\$0.00	\$0.00	\$0.00
Legal fees	\$4,618.16	\$18,260.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Legal fees - sales	\$2,614.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Long service leave expense	\$0.00	\$0.00	\$0.00	\$126.15	\$1,051.09	\$0.00	\$0.00
Minor equipment purchases	\$0.00	\$0.00	\$0.00	\$0.00	\$3,621.45	\$727.41	\$2,269.00
Mobiles	\$0.00	\$1.02	\$239.00	\$307.13	\$0.00	\$279.64	\$284.34
Motor vehicle expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$209.00	\$0.00	\$320.73
Motor vehicle lease expense	\$0.00	\$0.00	\$1,292.58	\$1,193.90	\$1,152.80	\$1,082.16	\$1,006.93
Other professional fees	\$93,723.76	\$72,575.08	\$20,680.00	\$71,425.75	\$59,834.32	\$55,000.00	\$55,941.20
Payroll tax expense	-\$670.10	-\$624.02	\$562.22	\$1,013.90	\$963.86	\$1,138.38	\$855.70
Pest control	\$0.00	\$0.00	\$0.00	\$1,078.00	\$0.00	\$0.00	\$0.00
Postage, Couriers & Freight	\$11.55	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Postage, couriers and freight	\$0.00	\$572.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Printing & stationery	\$1,293.47	\$1,066.85	\$0.00	\$90.05	\$200.00	\$0.00	\$0.00
Repositioning costs (7552)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$797.50	\$0.00
RLL Expenses	\$0.00	\$0.00	-\$405.80	\$4,326.02	\$4,326.01	\$4,326.03	\$3,920.21
RLL R&M	\$290.00	\$147.50	\$3,836.96	\$540.00	\$1,327.98	\$701.85	\$1,445.00
Salaries expense	\$13,553.42	\$2,974.49	\$9,127.65	\$21,619.87	\$8,128.53	\$12,730.56	\$11,876.98
Sales Commission - internal	\$3,750.00	\$4,250.00	\$3,750.00	\$8,000.00	\$5,250.00	\$7,000.00	-\$500.00
Sponsorship	\$0.00	\$0.00	\$0.00	\$300.00	\$0.00	\$1,142.00	\$1,005.00
Staff amenities expense	\$0.00	\$0.00	\$0.00	\$137.00	\$0.00	\$0.00	\$0.00
Staff Training Expense	\$0.00	\$0.00	\$0.00	\$64.04	\$0.00	\$0.00	\$0.00
Subs & memberships (industry)	\$0.00	\$763.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subs & memberships (marketing)	\$110.00	\$0.00	\$0.00	\$628.10	\$440.00	\$97.90	\$0.00
Superannuation expense	\$1,503.11	\$1,606.14	\$1,232.19	\$2,410.48	\$1,246.87	\$1,874.43	\$1,484.53
Travel	\$0.00	\$100.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Vacant unit holding costs	\$38,023.04	\$37,091.00	\$33,564.80	\$37,067.84	\$37,583.18	\$27,146.29	\$39,525.31
Valuation fees	\$0.00	\$41,919.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Water cons expense (non rec)	\$856.08	\$4,880.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Water rates rebate	\$0.00	\$0.00	\$0.00	\$4,788.24	\$0.00	\$4,994.95	\$101.80
Website/3rd party websites	\$0.00	\$0.00	\$0.00	\$267.40	\$0.00	\$0.00	\$0.00
Workcover premium expense	\$0.00	\$0.00	\$0.00	\$70.43	\$70.43	\$70.43	\$70.43
<b>Total Operating Expenses</b>	<b>\$223,157.97</b>	<b>\$244,126.37</b>	<b>\$117,531.48</b>	<b>\$415,918.81</b>	<b>\$400,236.95</b>	<b>\$476,720.43</b>	<b>\$446,203.28</b>
<b>Net Profit</b>	<b>-\$122,751.20</b>	<b>\$35,408.65</b>	<b>-\$65,358.45</b>	<b>-\$119,398.79</b>	<b>-\$55,824.73</b>	<b>-\$137,169.81</b>	<b>-\$126,175.08</b>
Add Back Interest Expense	\$10,541.86	\$10,541.86	\$10,105.80	\$202,184.03	\$196,733.48	\$181,977.04	\$182,319.34
<b>Earning Before Interest, Tax Depreciation and Amortization</b>	<b>-\$ 112,209.34</b>	<b>\$ 45,950.51</b>	<b>-\$ 55,252.65</b>	<b>\$ 82,785.24</b>	<b>\$ 140,908.75</b>	<b>\$ 44,807.23</b>	<b>\$ 56,144.26</b>

Balance Sheet  
Settlers Operations Pty Ltd  
As at 31 August 2019

Annexure 9

	31 Aug 2019	31 Jul 2019	30 Jun 2019	31 May 2019	30 Apr 2019	31 Mar 2019	28 Feb 2019
<b>Assets</b>							
<b>Bank</b>							
Forest lake Cap Replace Fu	\$93,362.74	\$93,362.74	\$93,362.74	\$93,280.74	\$92,753.89	\$92,753.89	\$92,753.89
Rockhampton Cap Replace	\$26,400.92	\$26,400.92	\$26,400.92	\$26,384.90	\$26,271.62	\$26,271.62	\$26,271.62
Settlers Ops Pty Ltd #2204E	\$206,597.17	\$406,232.84	\$287,709.49	\$465,771.61	\$849,298.45	\$570,850.53	\$570,494.66
Settlers Property TR	\$11,446.92	\$11,726.40	\$11,726.40	\$11,726.40	\$11,726.40	\$11,726.40	\$11,726.40
<b>Total Bank</b>	<b>\$337,807.75</b>	<b>\$537,722.90</b>	<b>\$419,199.55</b>	<b>\$597,163.65</b>	<b>\$980,050.36</b>	<b>\$701,602.44</b>	<b>\$701,246.57</b>
<b>Current Assets</b>							
DMF Clearing	\$833,593.68	\$829,704.25	\$860,130.14	\$780,230.48	\$764,592.63	\$792,707.05	\$719,614.47
Forest Lake Cap Replace Fu	\$640.13	\$640.13	\$640.13	\$640.13	\$507.86	\$370.86	\$248.72
Insurance remediation	\$0.00	\$0.00	\$0.00	\$0.00	-\$21,376.22	-\$9,180.00	-\$9,180.00
Other receivables	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00
Prepayment - other	\$304,488.85	\$304,488.85	\$266,652.10	\$266,652.10	\$9,004.19	\$144,422.81	\$279,841.45
Recharge clearing	\$218,387.20	\$218,387.20	\$218,387.20	\$218,387.20	\$218,387.20	\$218,387.20	\$218,387.20
Sundry Debtors	\$338,056.33	\$338,056.33	\$338,056.33	\$338,056.33	\$338,351.56	\$338,056.33	\$338,056.33
Trade debtors	\$58,827.49	\$17,562.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Trade Debtors (OLD)	\$46,388.41	\$46,388.41	\$46,388.41	\$40,112.58	\$44,500.04	\$43,751.20	\$42,850.89
Unapplied cash	-\$3,491.94	-\$3,491.94	-\$3,491.94	-\$3,491.94	-\$3,722.85	-\$3,491.94	-\$3,491.94
<b>Total Current Assets</b>	<b>\$1,846,890.15</b>	<b>\$1,801,735.53</b>	<b>\$1,776,762.37</b>	<b>\$1,690,586.88</b>	<b>\$1,400,244.41</b>	<b>\$1,575,023.51</b>	<b>\$1,636,327.12</b>
<b>Fixed Assets</b>							
Buildings	\$53,771.84	\$52,221.84	\$52,221.84	\$47,851.84	\$40,910.14	\$27,845.14	\$25,755.14
Hot Water System	\$48,211.85	\$48,211.85	\$48,211.85	\$48,211.85	\$48,211.85	\$48,211.85	\$48,211.85
Land	\$5,847,983.74	\$5,847,983.74	\$5,847,983.74	\$5,847,983.74	\$5,847,983.74	\$5,847,983.74	\$5,847,983.74
Legals	\$222,596.26	\$222,596.26	\$222,596.26	\$222,596.26	\$222,596.26	\$222,596.26	\$222,596.26
Other Capital Unit Refurb C	\$14,420.70	\$14,420.70	\$14,420.70	\$14,420.70	\$14,420.70	\$14,420.70	\$14,420.70
Paint	\$12,705.00	\$12,705.00	\$12,705.00	\$12,705.00	\$12,705.00	\$12,705.00	\$12,705.00
Plant and Equipment - cost	\$7,624.59	\$7,624.59	\$7,624.59	\$7,624.59	\$7,624.59	\$7,624.59	\$7,624.59
Repositioning costs (2309)	\$3,920.00	\$3,920.00	\$3,920.00	\$3,920.00	\$3,920.00	\$3,920.00	\$3,920.00
Stamp Duty	\$382,985.10	\$382,985.10	\$382,985.10	\$382,985.10	\$382,985.10	\$382,985.10	\$382,985.10
<b>Total Fixed Assets</b>	<b>\$6,594,219.08</b>	<b>\$6,592,669.08</b>	<b>\$6,592,669.08</b>	<b>\$6,588,299.08</b>	<b>\$6,581,357.38</b>	<b>\$6,568,292.38</b>	<b>\$6,566,202.38</b>
<b>Non-current Assets</b>							
borrowing Costs	\$315,418.36	\$327,918.36	\$340,418.36	\$352,918.36	\$365,418.36	\$377,918.36	\$390,418.36
Capitalised finance	\$14,003,234.00	\$14,003,234.00	\$14,003,234.00	\$14,003,234.00	\$14,003,234.00	\$14,003,234.00	\$14,003,234.00
Finance lease receivable	-\$14,003,234.00	-\$14,003,234.00	-\$14,003,234.00	-\$14,003,234.00	-\$14,003,234.00	-\$14,003,234.00	-\$14,003,234.00
Intercompany loan account	\$210,853,033.84	\$210,899,931.01	\$210,784,034.69	\$210,663,159.06	\$210,796,921.55	\$210,779,095.75	\$210,778,025.24
Inv Prop Historical Balances	-\$4,148,447.00	-\$4,148,447.00	-\$4,148,447.00	-\$4,148,447.00	-\$4,148,447.00	-\$4,148,447.00	-\$4,148,447.00
Loans - Other related parties	-\$1,696,314.00	-\$1,696,314.00	-\$1,696,314.00	-\$1,696,314.00	-\$1,696,314.00	-\$1,696,314.00	-\$1,696,314.00
<b>Total Non-current Assets</b>	<b>\$205,323,691.20</b>	<b>\$205,383,088.37</b>	<b>\$205,279,692.05</b>	<b>\$205,171,316.42</b>	<b>\$205,317,578.91</b>	<b>\$205,312,253.11</b>	<b>\$205,323,682.60</b>
<b>Total Assets</b>	<b>\$214,102,608.18</b>	<b>\$214,315,215.88</b>	<b>\$214,068,323.05</b>	<b>\$214,047,366.03</b>	<b>\$214,279,231.06</b>	<b>\$214,157,171.44</b>	<b>\$214,227,458.67</b>
<b>Liabilities</b>							
<b>Current Liabilities</b>							
Advance deposits	\$12,500.00	\$12,500.00	\$12,500.00	\$12,500.00	\$15,500.00	\$24,500.00	\$21,500.00
Annual leave accrual - curr	\$19,404.08	\$19,404.08	\$19,404.08	\$19,404.08	\$18,480.12	\$16,505.26	\$16,505.26
Credit card clearing	-\$3,268.56	-\$4,031.76	-\$4,031.76	-\$4,031.76	\$5,984.61	\$2,241.66	-\$930.81
GST	-\$661.56	-\$637.52	-\$637.52	-\$425.52	-\$342.79	\$0.00	\$0.00
LSL accrual - current	\$24,573.18	\$24,573.18	\$24,573.18	\$24,573.18	\$24,447.03	\$23,395.94	\$23,395.94
Other Accruals	\$945,578.54	\$945,578.54	\$945,578.54	\$949,661.87	\$894,370.21	\$839,078.54	\$783,786.87
PAYG Withholding payable	\$49,510.01	\$31,362.01	\$13,660.00	\$15,894.00	\$20,729.00	\$16,034.00	\$15,984.00
Payroll tax payable	\$1,796.79	\$1,796.79	\$1,796.79	\$1,134.22	\$70.32	-\$893.54	-\$15,075.40
Sundry Creditors	\$585,989.00	\$585,989.00	\$585,989.00	\$585,989.00	\$525,369.00	\$484,956.00	\$444,543.00
Superannuation payable	\$14,516.16	\$23,528.48	\$15,700.24	\$8,950.22	\$12,049.75	\$8,305.43	\$7,754.28
Trade Creditors	\$164,773.08	\$267,504.42	\$74,659.49	\$6,986.57	\$5,688.72	\$1,604.37	\$1,377.77
Wages payable	\$1,279.48	\$1,279.48	\$1,279.48	\$279.48	\$279.48	-\$26.52	\$279.48
<b>Total Current Liabilities</b>	<b>\$1,815,990.20</b>	<b>\$1,908,846.70</b>	<b>\$1,690,471.52</b>	<b>\$1,630,931.71</b>	<b>\$1,518,882.50</b>	<b>\$1,416,035.61</b>	<b>\$1,299,120.39</b>
<b>Non-Current Liabilities</b>							
Accrued deferred mgt fee	-\$40,886,065.80	-\$40,886,065.80	-\$40,886,065.80	-\$40,886,065.80	-\$40,799,310.73	-\$40,828,384.78	-\$40,689,690.01
Bank debt	\$16,279,848.00	\$16,279,848.00	\$16,279,848.00	\$16,279,848.00	\$16,279,848.00	\$16,279,848.00	\$16,279,848.00
Deferred tax liabilities	\$516,084.45	\$516,084.45	\$516,084.45	\$516,084.45	\$516,084.45	\$516,084.45	\$516,084.45
Fair value movement on lo	\$692,827.00	\$721,827.00	\$688,827.00	\$688,827.00	\$221,891.50	\$493,900.00	\$399,827.00
Interest rate derivatives	\$455,918.39	\$455,918.39	\$455,918.39	\$455,918.39	\$455,918.39	\$429,798.16	\$300,906.07
Loan proceeds on resales	\$14,398,173.00	\$14,037,173.00	\$13,338,173.00	\$13,338,173.00	\$12,933,173.00	\$11,919,173.00	\$11,189,173.00
Loan repayments on resale:	-\$15,094,000.00	-\$14,765,000.00	-\$14,027,000.00	-\$14,027,000.00	-\$13,165,064.50	-\$12,413,073.00	-\$11,579,000.00
Loans on turnkey sales	\$213,283,904.00	\$213,283,904.00	\$213,283,904.00	\$213,283,904.00	\$213,303,904.00	\$213,303,904.00	\$213,303,904.00
Promissory notes	\$2,374,197.50	\$2,374,197.50	\$2,374,197.50	\$2,374,197.50	\$2,374,197.50	\$2,374,197.50	\$2,374,197.50
Provision for MRF	\$3,105,600.16	\$3,105,600.16	\$3,105,600.16	\$3,105,600.16	\$3,221,369.45	\$3,201,387.45	\$3,181,405.45
Salary and Wage Accruals	\$0.00	\$0.00	\$0.00	\$2,195.33	\$644.53	\$6,811.45	\$4,922.11
Suspense	-\$891.00	-\$891.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Trade Creditors (OLD)	\$27,290.60	\$27,290.60	\$27,290.60	-\$1,680.39	\$11,861.50	-\$4,166.60	\$47,934.70
<b>Total Non-Current Liabilit</b>	<b>\$195,152,886.30</b>	<b>\$195,149,886.30</b>	<b>\$195,156,777.30</b>	<b>\$195,130,001.64</b>	<b>\$195,354,517.09</b>	<b>\$195,279,479.63</b>	<b>\$195,329,512.27</b>
<b>Total Liabilities</b>	<b>\$196,968,876.50</b>	<b>\$197,058,733.00</b>	<b>\$196,847,248.82</b>	<b>\$196,760,933.35</b>	<b>\$196,873,399.59</b>	<b>\$196,695,515.24</b>	<b>\$196,628,632.66</b>
<b>Net Assets</b>	<b>\$17,133,731.68</b>	<b>\$17,256,482.88</b>	<b>\$17,221,074.23</b>	<b>\$17,286,432.68</b>	<b>\$17,405,831.47</b>	<b>\$17,461,656.20</b>	<b>\$17,598,826.01</b>
<b>Equity</b>							
Current Year Earnings	-\$605,837.97	-\$483,086.77	-\$518,495.42	-\$453,136.97	-\$333,738.18	-\$277,913.45	-\$140,743.64
Import Balance Adjustment A	\$11,726.40	\$11,726.40	\$11,726.40	\$11,726.40	\$11,726.40	\$11,726.40	\$11,726.40
Issued securities	\$16,750,539.00	\$16,750,539.00	\$16,750,539.00	\$16,750,539.00	\$16,750,539.00	\$16,750,539.00	\$16,750,539.00
Retained Earnings at acquisiti	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
Retained Earnings/Accum Lo:	\$974,304.25	\$974,304.25	\$974,304.25	\$974,304.25	\$974,304.25	\$974,304.25	\$974,304.25
<b>Total Equity</b>	<b>\$17,133,731.68</b>	<b>\$17,256,482.88</b>	<b>\$17,221,074.23</b>	<b>\$17,286,432.68</b>	<b>\$17,405,831.47</b>	<b>\$17,461,656.20</b>	<b>\$17,598,826.01</b>



**SETTLERS OPERATIONS PTY LIMITED**  
**ACN: 609 526 605**  
**(“SETTLERS OPERATIONS”)**

**AND**

**SETTLERS COMPANY PTY LIMITED (AS TRUSTEE FOR SETTLERS PROPERTY TRUST)**  
**ACN: 606 610 904**

**(“SETTLERS COMPANY”)**

**BOTH**

**(ADMINISTRATOR APPOINTED)**  
**(RECEIVERS AND MANAGERS APPOINTED)**

**(Collectively referred to as the “Deed Entities”)**

**Deed Proposer:**

Forum Partners Australia (Syd) Pty Limited

ACN: 156 214 103

**Deed Proposal**

The secured creditors of the Deed Entities are Investec Australia Finance Pty Ltd and Investec Bank PLC (collectively referred to as the “**Secured Creditor**”).

The Secured Creditor appointed Receivers and Managers to the Deed Entities on 28 August 2019.

Forum Partners Australia (Syd) Pty Limited (the “**Deed Proposer**”) is an affiliate of the investment manager contracted to the shareholders of the Deed Entities and has proposed a Deed of Company Arrangement (“**Deed**”) on the terms set out in this document (“**Proposed Deed**”).

The Proposed Deed assumes the completion of the asset sale of the Deed Entities’ five retirement villages negotiated by the Receivers and Managers, where upon settlement it is anticipated that the Deed Entities will have no remaining employee entitlement or buy back liabilities and the debt owed to the WA Office of State Revenue will be paid on settlement of the sale.

**Deed Pre-Condition**

*It is a pre-condition to the Proposed Deed that the sale as currently currently negotiated by the Receivers or a transfer of assets of the Companies as directed by the Secured Creditor on the same or similar terms and conditions as they relate to creditors.*

The terms of the Proposed Deed are set out in this document, noting the following:

- the Secured Creditor does not participate in the Proposed Deed and forgives and releases the Deed Entities from all its obligations and liabilities on completion of the sale;
- Related entities INA Operations Pty Limited and Settlers Management Pty Limited (collectively referred to as “**Ingenia**”), also the previous operations manager and an unsecured creditor of the Deed Entities, does not participate in the Proposed Deed and agrees to forgive and release the Deed Entities from all their obligations and liabilities, and in turn the Deed Entities shall forgive and release Ingenia from any claim or action;
- the Admitted unsecured creditors’ claims of Settlers Company be transferred to Settlers Operations for the purposes of distribution of the Deed Fund,

and that a Deed fund is formed as follows:

## **Deed Fund**

- a) Cash at bank, if any;
- b) \$50,000 Contribution ("**Deed Fund**").

### **1.1 KEY TERMS**

The key terms of the Proposed Deed are as set out below.

#### **1.1.1 *Transfer of Creditors***

It is proposed that the admitted unsecured creditors' claims of Settlers Company be transferred at their claimed amounts to Settlers Operations for the purposes of distribution of the Deed Fund.

#### **1.1.2 *Deed Administrator***

It is proposed that the Administrator, Damien Mark Hodgkinson, act as Deed Administrator of the Deed Entities.

#### **1.1.3 *Deed Administrator' right to the Deed Entities' books***

The Deed Administrator shall be entitled to possession of all of the Deed Entities' books and records until the Deed is complete.

#### **1.1.4 *Property of the Deed Entities available to pay Creditors' claims***

Admitted unsecured creditors' claims of the Deed Entities will be paid a distribution from Deed Fund.

#### **1.1.5 *The Deed Fund***

The Deed Fund shall comprise:

- a) Cash at bank, if any;
- b) Contribution of \$50,000 payable upon execution of the Deed ("**Deed Fund**").

Clause 1.1.11 sets out the basis on which the Deed Fund will be distributed.

#### **1.1.6 *Nature and duration of the moratorium***

The moratorium on claims by persons bound by the proposed Deed ("**Deed Creditors**") will be governed by the *Corporations Act 2001* ("**the Act**"), particularly sections 444C, 444D and 444E of the Act, and will continue to be until the Proposed Deed has been terminated.

#### **1.1.7 *Extent to which the Company's debts are extinguished.***

The claims of all Deed Creditors against the Deed Entities will be extinguished on satisfaction of the Deed being the distribution of the Deed Fund, including the Non-Participating Creditors (on completion of the sale).

#### **1.1.8 *Conditions for DOCA to come into operation and be performed***

Subject to section 444C of the Act, the Deed will come into effect when the Deed Entities, the Deed Administrator and all other relevant parties have executed the Deed.

The receiver and manager have completed the current sale as proposed, or a transfer of assets as directed by the secured creditor on the same or similar terms and conditions as they relate creditors has been effectuated.

#### **1.1.9 Management of the Deed Entities**

The Deed Entities will be returned to the control of their director on execution of the Deed.

#### **1.1.10 Termination of the DOCA**

The Deed will terminate on satisfaction when the Completion of Deed requirements are met and the Deed Fund is distributed in accordance with the terms under the Deed.

The Deed will terminate if the Court so orders under Section 445D or 445G of the Act or so orders that the Administrator must convene a meeting of creditors and creditors resolve to terminate the Deed.

The Deed terminates if any conditions precedent are not satisfied or waived if creditors resolve to terminate the Deed at a duly convened meeting of creditors.

#### **1.1.11 Non-participating creditors**

The following creditors will be entitled to vote but will not participate in a distribution from the Deed Fund (hereafter referred to as "**Non-Participating Creditors**"):

- The Secured Creditor;
- Related entities, including but not limited to Ingenia;
- The Buy Back Creditors;
- Western Australian Office of State Revenue if deemed a creditor of the Companies;
- Employees whose entitlements transferred on sale.

#### **1.1.12 Order of property referred to in 1.1.4 will be distributed among creditors bound by the Deed**

Deed Fund will be distributed as follows:

- (a) First – Retention of title and PPSR claims, if any;
- (b) Second - the disbursements of the Administrator/Deed Administrator incurred in the administration of the Deed Entities and the implementation of the DOCA;
- (c) Third - the remuneration and expenses incurred by the Administrator/Deed Administrator (to the extent to which these have not been paid);
- (d) Fourth – Priority Employee claims, if any;
- (e) Fifth - the claims of any unsecured Admitted Creditors of the Deed Entities excluding the Non-Participating Creditors (whose claims are admitted by the Deed Administrator) *pari passu*.

#### **1.1.13 Remuneration**

The Administrator and the Deed Administrator will be remunerated for their work and reimbursed their costs and expenses.

The Settlers Company Deed Administrator's costs and disbursements will be transferred to Settlers Operations.

Subject to it being fixed in accordance with Section 449E of the Act, the remuneration of the Deed Administrator will be calculated at the rates normally charged by the Deed Administrator's

firm and paid from Deed Fund within 30 days of approval by all creditors of the Deed Entities or by the Court.

**1.1.14 Role and powers of the Deed Administrator**

- (a) The Deed Administrator will have the powers set out in paragraph 2 of Schedule 8A of the *Corporations Regulations* ("**Regulations**").
- (b) Other than as referred to in paragraph 9(a) the prescribed provisions of Schedule 8A of the Regulations shall not apply.
- (c) The Deed Administrator will not be personally liable for any debt they incur and shall be entitled to an indemnity from the assets of the Deed Entities.
- (d) Proofs of debt for the Deed Fund shall be lodged and dealt with and creditors meetings convened and conducted as provided for in the Act, as if the Deed Entities were in liquidation.
- (e) The Deed Administrator will have control of the Deed Entities' business, assets, property and affairs and may carry on that business and manage that property and those affairs.
- (f) The Deed Administrator will act as agent of the Deed Entities.

**1.1.15 Powers of other officers suspended**

Until the Deed Fund has been effectuated, only the Deed Administrator may do anything as an officer of the Deed Entities.

The Deed Administrator may consent in writing to the performance of other officers' actions.

Once the Deed Fund has been distributed and the Deed is terminated the director will have powers of control and management of the Deed Entities.

**DATED this 22 day of May 2020**

Andrew Faulk

Forum Partners Australia (Syd) Pty Limited

ACN: 156 214 103



	Book value as at 26 August 2019 (\$)	ERV Liquidation (\$)	ERV DOCA (\$)
<b>Assets</b>			
Cash at Bank	243,031	-	-
Accounts Receivable	53,013	-	-
Deferred Management Fees	831,528	-	-
Administrator Indemnity	126,500	108,500	108,500
Deed Contribution	50,000	-	50,000
<b>Total Circulating Assets</b>	<b>1,304,072</b>	<b>108,500</b>	<b>158,500</b>
<b>Add: Voidable Transaction Realisations</b>			
Preferences, Uncommercial & Director Related		77,228	-
Insolvent Trading		Nil	-
<b>Total Realisations Voidable Transactions</b>		<b>77,228</b>	<b>-</b>
<b>Circulating Assets Available</b>		<b>185,728</b>	<b>158,500</b>
<b>Less: Costs of External Administration</b>			
Administrator Fees		92,068	92,068
Liquidator Remuneration		20,900	-
Deed Administrator Cost		-	27,524
Legal Costs		-	-
GST refunds		(10,270)	(10,872)
Total Costs of Recovery		<b>102,698</b>	<b>108,720</b>
<b>Assets Available to Employees</b>		<b>83,030</b>	<b>49,780</b>
<b>Less: Employee Entitlements</b>			
Superannuation	14,516	Nil	Not Participating
Priority Creditor Claims - Annual Leave	19,404	Nil	Not Participating
Priority Creditor Claims - Other Entitlements (Wages, LSL, Personal Leave)	25,853	Nil	Not Participating
Redundancy			
Total Employee Entitlements	<b>59,773</b>	-	-
<b>Assets Available to Secured Creditors</b>		<b>83,030</b>	<b>Not Participating</b>
<b>Non Circulating</b>			
Real Properties		Not Disclosed	Not Disclosed
<b>Total Non Circulating Assets</b>	-	-	-
<b>Less: Secured Creditor</b>			
Senior Debt - Investec Australia Finance Pty Ltd	3,157,406	Not Disclosed	Not Participating
Investec Bank PLC	22,386,668	Not Disclosed	Not Participating
<b>Total Secured Claims</b>	<b>25,544,074</b>	-	-
<b>Shortfall to Secured Creditors</b>		-	-
<b>Assets Available to Unsecured Creditors</b>		<b>83,030</b>	<b>49,780</b>
<b>Less: Unsecured Creditor claims</b>			
Unsecured Creditors	156,344	65,738	65,738
Secured Creditor -Unsecured Portion		Not Disclosed	Not Participating
Related Parties (Ingenia)	1,112,102	1,112,102	Not Participating
Buy Back Claims	1,759,774	-	-
Tax Liabilities		Unknown	Unknown
<b>Total Unsecured Creditor Claims</b>	<b>3,028,220</b>	<b>1,177,840</b>	<b>65,738</b>
<b>Estimated Deficiency</b>		<b>(1,094,811)</b>	<b>(15,958)</b>
<b>ERV Low Scenario</b>			
<b>Estimated Return to Creditors</b>		<b>cents/\$</b>	<b>cents/\$</b>
Secured Creditor		Unknown	N/A
Priority Creditors		N/A	N/A
buyback creditors		N/A	N/A
buyback contingent		N/A	N/A
Unsecured Creditors		0.07	0.76

**(Administrator Appointed) (Receivers & Managers Appointed)****Estimated Return to Creditors**

	BOOK value as at 26 August 2019 (\$)	ERV Liquidation (\$)	ERV DOCA (\$)
<b>Assets</b>			
Cash at Bank	11,446	-	-
Accounts Receivable	-	-	-
Administrator Indemnity	-	18,000	18,000
Deed Contribution	-	-	-
<b>Total Circulating Assets</b>	<b>11,446</b>	<b>18,000</b>	<b>18,000</b>
<b>Non Circulating</b>			
Real Properties	Not Disclosed	Not Disclosed	Not Disclosed
<b>Total Circulating Assets</b>	-	-	-
<b>Add: Voidable Transaction Realisations</b>			
Preferences, Uncommercial & Director Related	-	Nil	Nil
Insolvent Trading	-	Nil	Nil
<b>Total Realisations Voidable Transactions</b>	-	-	-
<b>Circulating Assets Available</b>	-	18,000	18,000
<b>Less: Costs of External Administration</b>			
Administrator Fees	-	17,395	17,394
Liquidator Remuneration	-	7,541	-
	-	-	Transferred to Settlers Operations
Deed Administrator Fees	-	-	-
Legal Costs	-	-	-
GST refunds	-	(2,267)	(1,581)
Total Costs of Recovery	-	<b>22,668</b>	<b>15,813</b>
<b>Assets Available to Employees</b>	-	-	-
<b>Less: Employee Entitlements</b>			
Superannuation	-	-	-
Priority Creditor Claims - Annual Leave	-	-	-
Priority Creditor Claims - Other Entitlements (Wages, LSL, Personal Leave)	-	-	-
Total Employee Entitlements	-	-	-
<b>Assets Available to Secured Creditors</b>	-	-	-
<b>Less: Secured Creditor</b>			
Senior Debt - Investec Australia Finance Pty Ltd	3,157,406	Not Disclosed	Not Participating
Investec Bank PLC	22,386,668	Not Disclosed	Not Participating
<b>Total Secured Claims</b>	<b>25,544,074</b>	-	-
<b>Shortfall to Secured Creditors</b>	-	-	-
<b>Assets Available to Unsecured Creditors</b>	-	-	-
<b>Less: Unsecured Creditor claims</b>			
Unsecured Creditors	-	Not Specified	Assigned to Settlers Operations
Secured Creditor -Unsecured Portion	-	Not Specified	Not Participating
Related Parties	-	-	-
Tax Liabilities	-	Unknown	Unknown
Total Unsecured Creditor Claims	-	Unknown	-
<b>Estimated Deficiency</b>	-	Unknown	Nil

	ERV Liquidation Scenario cents/\$	ERV DOCA Scenario cents/\$
<b>Estimated Return to Creditors</b>	<b>cents/\$</b>	<b>cents/\$</b>
Secured Creditor	Nil	N/A
Priority Creditors	N/A	N/A
Unsecured Creditors	Nil	N/A



# ARITA Complaints Investigation Procedures

## Purpose

This document sets out ARITA's conduct and disciplinary procedures for the investigation of complaints about the professional conduct of an ARITA member in accordance with clause 8.1(b) of the ARITA Constitution. ARITA's conduct and disciplinary processes can be found in clause 8 of the ARITA Constitution and clause 6 of the ARITA Regulations.

This document should be read in conjunction with the ARITA Complaints Investigation Process – Overview flow diagram that generally explains how the conduct and disciplinary regime operates.

The purpose of this document is to provide further clarity in relation to the internal protocols in place.

## Complaints

A complaint under the ARITA Constitution is a written complaint made to ARITA about the professional conduct of a member as a practitioner. This refers to the conduct of work of a registered trustee, registered liquidator, other insolvency practitioner, or a legal practitioner.

An ARITA member includes:

- all classes of members, and
- all members except those that have had their membership terminated in accordance with Clause 7 of the ARITA Constitution<sup>1</sup>.

## Joint Appointments and Firm Procedures

The following scenarios and approaches are taken in relation to complaints received by ARITA involving joint appointments or firm procedures:

Scenario	Approach
Administrations conducted jointly by ARITA members	Where a complaint relates to matters regarding the conduct of the administration, ARITA will investigate all of the ARITA members appointed to the administration on a joint basis.

<sup>1</sup> Constitution 1.1, 6.2



Scenario	Approach
	Where a complaint relates to matters regarding the personal conduct of an ARITA member, ARITA will investigate the matter on an individual basis.
Administrations conducted jointly by ARITA members and non-members	<p>Where a complaint relates to matters regarding the conduct of the administration, ARITA will investigate the conduct of the administration on the basis that at least one of the appointees is a member. ARITA is unable to investigate practitioners who are not members of ARITA.</p> <p>Where a complaint relates to matters regarding the personal conduct of an ARITA member, ARITA will investigate the matter on an individual basis.</p> <p>Where a complaint relates to matters regarding the personal conduct of a non-member, ARITA will be unable to investigate the matter.</p>
Firm procedural issues involving administrations conducted by ARITA non-members	<p>ARITA is unable to investigate complaints related to administrations that are conducted by practitioners who are not members of ARITA.</p> <p>Where a complaint relates to firm procedural issues of firms that have ARITA members who are registered liquidators and trustees, ARITA may commence a concern and investigate these matters further.</p>

### Making a complaint

Complaints may be made to ARITA by completing the ARITA complaint form, which can be downloaded from ARITA’s website, attaching any relevant documents, and sending it to:

Email: <a href="mailto:complaints@arita.com.au">complaints@arita.com.au</a>	Mail: CEO ARITA GPO Box 4340 SYDNEY NSW 2001
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The complaint form details the information that should be provided with it when it is submitted.

### Acknowledgement and allocation of Technical Specialist

All complaints received by ARITA are recorded on ARITA’s database and acknowledged in writing.

In accordance with procedures implemented by ARITA's Professional Conduct Committee ("PCC"), the initial review of a complaint is undertaken by one of ARITA's Technical Specialists<sup>2</sup>.

Technical Specialists fulfil a secretariat role to the PCC. Technical Specialists also triage complaints to identify complaints that are not suitable for formal investigations by the PCC or warrant educative advice to complainants. Other than dismissing complaints that do not make the requirement for formal investigation, Technical Specialists have no other determinative role in the complaints process.

Technical Specialists are selected to ensure that they are free from actual or perceived conflicts of interest. The following considerations are taken into account when determining a Technical Specialist's independence:

- whether the Technical Specialist has worked directly for or with the member, the complainant or a firm where the member or complainant is or was a Partner or Principal, in the preceding two years
- whether the Technical Specialist has a relationship with the member or complainant, unless that relationship is trivial<sup>3</sup>
- whether there is a history of animosity between the Technical Specialist and the member or complainant, and
- whether there are any other relationships between the Technical Specialist and the member or complainant.

The above independence guidelines also apply in relation to consideration of specific complaints by members of the PCC.

Consideration of independence is an on-going process.

## Investigations

Investigations are conducted in accordance with the steps detailed in *ARITA's Complaints Investigation Process – Overview* flow diagram. Investigations are conducted in writing, including confirmation of the basis of complaint and consent to contact the member sought from the complainant and the provision of details of the complaint to the member with a request made for a response to the complaint including any relevant documentation.

After consideration of the information provided, ARITA's Chief Executive Officer ("CEO") in consultation with the Technical Specialist, will determine whether the complaint warrants:

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<sup>2</sup> ARITA Regulation 6.1(a)

<sup>3</sup> Refer to Clause 6.5 of the ARITA Code of Professional Practice for guidance on trivial relationships

- resolution without further referral to the PCC– that is, that the complaint is dismissed, or it is upheld but does not warrant further referral<sup>4</sup>. If it is upheld, one outcome may be remedial action by the member or the member’s firm, or
- by decision of the CEO, referral to the PCC for further investigation and/or ARITA Disciplinary Proceedings against the member.

### **Consultation with others**

From time to time the Technical Specialist may consult with ARITA’s other Technical Specialists, the CEO or other subject matter experts when undertaking the initial review of a complaint, subject to any issues of confidentiality or conflict of interest<sup>5</sup>.

In addition, the CEO may consult the members of the PCC prior to determining whether it is necessary to refer the matter for formal investigation and/or to commence ARITA Disciplinary Proceedings.

ARITA may from time to time provide information regarding a complaint to and consult with regulators as part of the investigation process.

### **Professional Conduct Committee**

The PCC comprises at least three members, two of which must be members of the Board, subject to any limitations resulting from conflicts of interest.

In November 2015, the ARITA Board delegated the following constitutional powers to the PCC<sup>6</sup>:

- clause 7.2 (d) - The Board may terminate a Member's Membership as prescribed in the Regulations from time to time.
- clause 8.3 - Discretionary termination or suspension of Membership
- clause 8.5 - Notification and publication
- and all powers related to Section 8 of the Constitution that exist in the Regulations with the delegated authority to deal with complaints and concerns on its behalf.

Complaints may be referred to the PCC for formal investigation and/or ARITA Disciplinary Proceedings. The member must be informed of the commencement of ARITA Disciplinary Action<sup>7</sup>

Investigations by the PCC may comprise a review of the information collated by the Technical Specialist as well as any additional information (written submissions, letters,

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<sup>4</sup> Remedial action may be required by the member or the member’s firm

<sup>5</sup> ARITA Constitution clause 8.2(b)

<sup>6</sup> ARITA Constitution clause 22.6(a) (as at Nov 2015)

<sup>7</sup> ARITA Constitution clause 8.1(f)

emails or other documents) requested from or provided by the member. The PCC conducts investigations and ARITA Disciplinary Proceedings via correspondence.<sup>8</sup>

The PCC may determine that:

- The complaint is unsubstantiated<sup>9</sup>
- The complaint is substantiated but no further action is appropriate as the matter has already been addressed and/or it is not in the interests of the public, the member, ARITA or the insolvency profession that any penalty be applied<sup>10</sup>, or
- The complaint warrants being escalated for further consideration by the PCC in accordance with the powers delegated to it by the Board.

The member is advised of the intention of the PCC to escalate the complaint for further consideration by the PCC in accordance with the powers delegated to it by the to the Board and is given the opportunity to make a submission to the PCC as to why the matter should not be escalated.

Based on further information provided by the member, the PCC may reconsider its decision to escalate the complaint on the basis that the matter has already been addressed and/or it is not in the interests of the public, the member, ARITA or the insolvency profession that any penalty be applied.

The PCC in accordance with the powers delegated to it by the to the Board determine that the matter be referred to a Regulator or a Foundation body or appropriate law enforcement body should there appear to be a fraud, serious misconduct or breach of the law alleged whether or not the member has given a satisfactory response to ARITA<sup>11</sup>.

### **Consideration by the PCC in accordance with the powers delegated to it by the ARITA Board**

The PCC may further consider the complaint in accordance with the powers delegated to it by the Board and determine whether:

- there has been a breach of professional conduct, and/or
- a member has brought ARITA or the insolvency profession into disrepute.

The following penalties may be applied as a result of the determination made in relation to the PCC's further consideration in accordance with the powers delegated to it by the Board:

- termination of membership, or suspension of membership for a period

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<sup>8</sup> ARITA Regulation 6.1(c)

<sup>9</sup> Remedial action may be required by the member or the member's firm

<sup>10</sup> Remedial action may be required by the member or the member's firm

<sup>11</sup> ARITA Regulations 6.2(g)

- a reprimand, which will also be recorded on the member’s disciplinary record and may be taken into account in considering penalties should the member be subject to any future ARITA Disciplinary Proceedings
- a direction that the member attend specific continuing professional education courses
- requiring the member to source peer review by another member nominated by the PCC or its delegate
- limitations on the member’s professional practice
- attaching one or more conditions to the member’s membership<sup>12</sup>
- the payment of compensation, damages or reparations to any person
- foregoing payment of any future remuneration from the engagement or activity the subject of the Disciplinary or legal proceedings
- a requirement to reimburse remuneration paid to the member or the member’s firm as a consequence of the engagement the subject of the Disciplinary or legal proceedings, and
- the imposition of a financial penalty which requires the member to pay a sum of money by way of fine, compensation or damages to ARITA or to another person.

Notwithstanding the above, the PCC in accordance with the powers delegated to it by the Board may, in its discretion, not impose a penalty.

### Notification and Publication

Notification of any decision in relation to disciplinary proceedings and any penalty or sanction imposed may be:

- given to a Regulator, Foundation Organisation and any other bodies, and/or
- published in the official publication of ARITA and on ARITA’s website or otherwise in such a manner and form as may be authorised by the PCC in accordance with the powers delegated to it by the Board.<sup>13</sup>

### Communication

Complainant	<ol style="list-style-type: none"> <li>1. Initial receipt of complaint</li> <li>2. Initial review by Technical Specialist</li> <li>3. Final determination of complaint</li> </ol>
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<sup>12</sup> Remedial action may be required by the member or the member’s firm

<sup>13</sup> ARITA Constitution clause 8.5(b)

Member	<ol style="list-style-type: none"><li>1. Initial review by Technical Specialist</li><li>2. Referral to PCC, including notification of commencement of ARITA Disciplinary Proceedings, if applicable</li><li>3. Determination of PCC and intention of PCC to further consider the complaint in accordance with the powers delegated to it by the Board , if applicable</li><li>4. Further consideration by the PCC in accordance with the powers delegated to it by the Board), if applicable</li><li>5. Intention to impose penalty, if applicable</li><li>6. Final determination of complaint and intention to refer to Regulator and/or Foundation Body, if applicable</li><li>7. Referral to Regulator and/or Foundation Body, if applicable</li></ol>
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**SETTLERS COMPANY PTY LIMITED**  
ACN 606 610 904

Receipts and Payments to 21 May 2020

**Receipts**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>AUD Amount</b> <b>(GST excl.)</b>
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Total Receipts

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**Payments**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>AUD Amount</b> <b>(GST excl.)</b>
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Total Payments

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**SETTLERS OPERATIONS PTY LIMITED**  
ACN 609 526 605

Receipts and Payments to 21 May 2020

**Receipts**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>AUD Amount</b> <b>(GST excl.)</b>
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Total Receipts

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**Payments**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>AUD Amount</b> <b>(GST excl.)</b>
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Total Payments

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