



DEM ASIA GROUP

28 April 2020

TO CREDITORS AND RESIDENTS

CONFIDENTIAL

Dear Sir/Madam

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

I refer to my circular to Creditors and Residents of the Companies dated 29 October 2019 (**Previous Circular**).

The joint and several Receivers and Managers of the Companies, Ian Charles Francis, John Richard Park and Joseph Ronald Hansell (**Receivers**), remain in possession and control of the Companies' assets and business, including the Companies' five retirement villages known as Settlers Forrest Lake, Settlers Lakeside, Settlers Ridgewood Rise, Settlers Rockhampton and Ridge Estate Retirement Village (hereafter collectively referred to as the **Retirement Villages**).

I have been provided with an update by the Receivers in relation to the sale campaign of the Companies' Retirement Villages and operations generally, as outlined below.

Sale Update

As outlined in my Previous Circular, the Receivers appointed Noral Wild of JLL (formerly known as Jones Lang Lasalle) to market the Companies' Retirement Villages by Expression of Interest.

The Receivers have recently announced 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 in late April 2020 or shortly thereafter. On completion, the operations of the Retirement Villages will be passed to the Purchaser.



Terms of Sale

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 (11) 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 three (3) remaining employees that will not be continuing will be paid their entitlements in full.
- The purchase price remains confidential however, I have been advised, that it is insufficient to discharge the senior lender in full.

Buyback Creditors

The Purchaser will become the Scheme Operator following completion of the sale. Under the relevant states' legislation, the Scheme Operator becomes liable for the buyback obligations and buyback creditors would be entitled to rely on their statutory and contractual rights. I would recommend that buyback creditors contact the Purchaser following completion of the anticipated sale regarding their claims. We will provide the relevant contact details once the sale completes.

Next Update

As you are aware, the convening period for the Second Meeting of Creditors was extended by the Court to 23 May 2020. Given that the Receivers' sale campaign is likely to complete by this date, a further extension of the convening period is not anticipated at this stage. Accordingly, I will issue a comprehensive report to creditors (or potential creditors and residents) pursuant to Insolvency Practice Rules (**IPS**) 70-40 on or before 23 May 2020 which will include a Notice of Second Meeting of Creditors and outline my investigations into the Companies, including further details of the sale and my recommendation as to the future of the Companies.

The Second Meeting of Creditors will be held no later than Friday, 29 May 2020.

Updates will also be available via our website at www.demasiagroup.com/settlers, including this update.



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

Yours faithfully

DAMIEN M HODGKINSON
ADMINISTRATOR