

MINUTES OF A MEETING OF CREDITORS 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 (ADMINISTRATOR APPOINTED) (RECEIVERS & MANAGERS APPOINTED) HELD AT THE GRACE HOTEL, 77 YORK STREET SYDNEY NSW 2000 ON WEDNESDAY, 4 SEPTEMBER 2019 AT 2:41 PM.

1. PRESENT

Damien Hodgkinson – Administrator
Lucy Vecchio – DEM Australasia
Jenny Kim – DEM Australasia
Danny Bui – DEM Australasia

Others present in accordance with the Attendance Register

2. IN ATTENDANCE

The Chairperson commenced with Welcome to Country

The Chairperson then tabled the Attendance Register. The Chairperson read out the names of all creditors represented at the meeting and their nominated proxies as per the Attendance Register for each of Settlers Company Pty Limited ACN 606 610 904 ATF Settlers Property Trust ABN 78694 717 061 ("**Settlers Company**") and Settlers Operations Pty Limited ACN 609 526 605 ("**Settlers Operations**") (Settlers Company and Settlers Operations hereafter collectively referred to as '**the Companies**').

The Chairperson also tabled all Proof of Debt forms, Appointments of Proxies, and the Delegation of Proxies for both the Companies.

The Chairperson noted the attendance of the director Mr Andrew Faulk and one of the Receivers and Managers, Mr Joseph Hansell from FTI Consulting.

The Chairperson advised that pursuant to Regulation 5.6.23 of the Corporations Regulations, all creditors present were admitted to vote on resolutions put to the meeting for the amounts of their proofs of debt. The Chairperson noted that should any dividend distribution be paid in this matter, creditors' claims may ultimately be admitted for an amount different to the amount admitted for voting purposes at this meeting.

3. CHAIRPERSON

The Administrator advised that pursuant to Section 436A of the Corporations Act 2001, Damien Hodgkinson was appointed Voluntary Administrator to each of the Companies on 26 August 2019.

The Administrator advised that pursuant to Regulations 5.6.17 and 5.6.34 of the Corporations Regulations, the Administrator or his duly authorised representative must chair the meeting for both the Companies and that the meetings will be held concurrently.

4. APPOINTMENT OF MINUTE SECRETARY

The Chairperson further advised that if there were no objections Lucy Vecchio would act as Minute Secretary. There were no objections raised by those present at the meeting. There were no objections.

5. NOTICE OF MEETING

The Chairperson advised that the meetings have been called in accordance with the Notice of Meeting dated the 28 August 2019 for each of the Companies, the meetings having been advertised in the

Australian Securities Investment Commission ("**ASIC**") Insolvency Notices web site <https://insolvencynotices.asic.gov.au> on the 27 August 2019.

The Chairperson tabled a copy of the Notice of Meetings.

6. QUORUM

The Chairperson then advised, in accordance with IPR 75-105 that a quorum was present for each of the Companies.

7. DECLARATION OF CONVENIENCE

The Chairperson advised that in accordance with IPR 75-30, that the meetings were being held at a date, time and place convenient to the majority of persons entitled to receive notice of the meeting.

8. PURPOSE OF MEETING

The Chairperson advised that the primary purpose of the meeting was to determine whether to appoint a Committee of Inspection for each of the Companies and, if so, who are to be the committee members.

9. DECLARATION OF RELEVANT RELATIONSHIPS AND DECLARATION OF INDEMNITIES

The Chairperson tabled a Declaration of Relevant Relationships and Declaration of Indemnities for each of the Companies.

10. GENERAL DISCUSSION

Appointments

The Chairperson advised that, following his appointment, Joseph Hansell, John Park and Ian Francis of FTI Consulting were appointed Joint and Several Receivers & Managers by Investec, secured lender to the Companies on 28 August 2019 ("**Receivers**").

On appointment, the Receivers took possession of the Companies' assets and control of the day to day management of the Companies' business. Any proposed sale of the Companies' retirement villages will be managed by the Receivers.

Any matters relating to creditors and employees' claims, including any buyback claims by village residents, that existed prior to the appointments remain with the Administrator.

Reasons for Appointment

The Chairperson advised that on 23 May 2019, changes to the *Retirement Villages Act* (Qld) came into effect and created a mandatory buyback obligation on Settlers Operations for village units that remained unsold for 18 months. Prior to this legislative change, all villages were operating profitability and independently.

The Chairperson explained that, while the Queensland legislative change only impacted retirement villages in Queensland, it had the most impact on those in regional centres with smaller catchments. Hence the Companies became liable for 10 mandatory buybacks at the Settlers Retirement Village in Rockhampton, estimated at \$1.5M.

As all villages are held by the Companies, this created a cross default affecting all Settlor villages owned and operated by the Companies, which resulted in the appointment of the Receivers and Administrator.

Corporate Structure

The Chairperson noted that four of the villages are owned by Settlers Company, and one village is owned by Settlers Operations as this was the structure acquired by the current Companies' investors from Ingenia in September 2016.

In total, there are 689 units across 5 villages with 69 vacant units with largest vacancy rate at the Settlers Village in Rockhampton.

None of the operations at any of the villages have been affected and day to day operations are continuing as normal under the Receivers' control including the sale and settlement of units.

Extension of Convening Period

The Receivers have requested the Administrator to apply to Court for an extension of the convening period for the second meeting of creditors to three months. This will enable the stabilisation of operations while a sale of the villages is investigated by the Receivers.

Subject to the Court's determination, it is expected that the second meeting of creditors will be held at or around the end of November 2019. During that time the Receivers will seek to sell the villages either as a group or individually, the purchase might also involve a Deed of Company Arrangement proposal. If the villages can be sold or restructured before the end of the extended convening period, the meetings will be brought forward.

The Chairperson advised that he shall keep creditors informed of the process.

11. RESOLUTIONS

The Chairperson advised that all motions were to be resolved on the voices, unless a poll is demanded (IPR 75-110).

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

- (a) The Chairperson; or
- (b) A person participating entitled to vote at the meeting.

The Chairperson advised that a resolution on a poll is carried if (IPR 75-115(1)):

- a. a majority of the creditors voting (whether in person, by attorney or by proxy) vote in favour of the resolution; and
- b. a majority in value of the creditors voting in favour of the resolution.

The Chairperson also advised that the Chairperson may exercise a "casting vote" if no result is reached for or against a resolution on a poll (IPR 75-115(3)) except where the resolution concerns the Administrator remuneration or the removal of the external administrator (save that an external administrator may exercise a casting vote in favour of a resolution for removal). However, where the Chairperson has a "casting vote" and either exercises or declines to exercise the casting vote the

Chairperson will inform the meeting of the reasons for exercising or declining to exercise the casting vote as relevant and minute those reasons.

1. NO PROPOSED APPOINTMENT OF REPLACEMENT ADMINISTRATOR

The Chairperson advised that pursuant to an Instrument of Appointment dated 26 August 2019, the Chairperson was appointed Administrator to each of the Companies.

The Chairperson advised that pursuant to Section 436E(4), creditors may, by resolution, remove the administrator and appoint someone else as Administrator of the company.

The Chairperson noted that there were no other nominations for either of the Administrator and announced that the company's appointment stands and accordingly the Chairperson is Administrator of the company.

NOTE:

If a nomination to appoint a replacement administrator is to be made:

Adjourn the meeting for a brief period in order to finalise a list of the proxies and to determine those present are entitled/not entitled (if any) to vote. The adjournment may be on the motion of the administrator – IPR 75-140.

Conduct the vote (refer section 436E(4)) which requires that the resolution of removal and appointment be as a single resolution. Refer IPR 75-115.

Refer also ARITA CoPP re DIRRIs to be provided by the incoming administrator.

The chairperson informed the meeting that a resolution was to be put seeking to remove the chairperson as administrator of the company and to replace the administrator with another administrator.

The following were tabled by the proposed replacement administrator:

- A Declaration of Independence, Relevant Relationships and Indemnities signed by the proposed replacement administrator; and
- A consent to act also signed by the proposed replacement administrator.

The proposed replacement administrator addressed the meeting.

The chairperson addressed the meeting.

RESOLUTIONS:

SETTLERS COMPANY PTY LIMITED ACN 606 610 904 ATF SETTLERS PROPERTY TRUST ABN 78 694 717 061

The Chairperson noted that there were no other nominations for either of the Administrator and announced that the company's appointment stands and accordingly the Chairperson is Administrator of the company.

SETTLERS OPERATIONS PTY LIMITED ACN 609 526 605

The Chairperson noted that there were no other nominations for either of the Administrator and announced that the company's appointment stands and accordingly the Chairperson is Administrator of the company.

2. INITIAL INFORMATION (IPR 70-30)

The Chairperson informed the meeting that:

- (a) the creditors have the right to request information, reports and documents from the external administrator under Insolvency Practice Schedule (Corporations) (IPS) 70-40 and 70-45;
- (b) the creditors have the right to direct that a meeting of the creditors be held under IPS section 75-15;
- (c) the creditors have the right to give directions to the external administrator under IPS section 85-5;
- (d) the creditors have the right to appoint a reviewing liquidator under IPS section 90-24;
- (e) the creditors have the right to remove and replace the external administrator under IPS section 90-35.

The Chairperson also informed the meeting that the extent of those rights given to creditors and the way those rights are to be exercised is provided for in the Corporations Act 2001 and the Insolvency Practice Schedule (Corporations).

3. COMMITTEE OF INSPECTION

The Chairperson informed the meeting that creditors have the right by resolution under IPS 80-10 to establish a Committee of Inspection comprising creditors or representatives of creditors of the company.

The Chairperson stated that the functions of the committee, if established, are as follows (IPS 80-35):

- (a) to advise and assist the external administrator of the company;
- (b) to give directions to the external administrator of the company;
- (c) to monitor the conduct of the external administrator of the company;
- (d) such other functions as are conferred on the committee by the Corporations Act;
- (e) to do anything incidental or conducive to the performance of any of the above functions.

The Chairperson informed the meeting that the committee also has the power to determine the administrator's remuneration in accordance with the Corporations Act (IPS 60-10).

The Chairperson also informed the meeting that the external administrator of a company must have regard to any directions given by the Committee of Inspection, but the external administrator is not required to comply with such directions.

The Chairperson also informed the meeting that the following had the right to appoint members to a Committee of Inspection:

- (a) The creditors by resolution;
- (b) A creditor representing at least 10% in value of the creditors or a group of creditors who together represent at least 10% of the creditors – IPS 80-20; and
- (c) An employee or employees of the company representing at least 50% in value of entitlements owed to employees by the company - IPS 80-25.

The Chairperson noted that given the small number of creditors, creditors may not wish to form a Committee of Inspection for either company.

The Chairperson asked if any creditors present wish to put forward a resolution for the appointment of a Committee of Inspection for both companies separately.

No creditor wished to put forward a resolution to appoint a Committee of Inspection for either Company

SETTLERS COMPANY PTY LIMITED ACN 606 610 904 ATF SETTLERS PROPERTY TRUST ABN 78 694 717 061

No resolution was put by creditors that a Committee of Inspection be formed.

SETTLERS OPERATIONS PTY LIMITED ACN 609 526 605

No resolution was put by creditors that a Committee of Inspection be formed.

4. QUESTIONS:

The Chairperson opened the meeting to questions.

A creditor representing a resident subject to buyback at the Rockhampton Village asked if the Companies would continue with unit capital maintenance for sales.

The Administrator advised that this should not interfere with the normal rights of sale and where this was a requirement of the relevant legislation it should continue as normal, but we would discuss with the Receivers and Managers and revert.

There were no other questions.

5. NEXT MEETING

The Chairperson advised that a further meeting would likely be held at the end of November subject to the Court's determination on the application to extend the convening period for the second meeting of creditors. The purpose of the second meeting of creditors is to receive and discuss the Administrator's report as to the Companies' business, property, affairs and financial circumstances, and resolve:

- whether a Deed of Company Arrangement shall be entered; or
- whether the administration should come to an end; or
- whether the Companies should be wound up.

The Chairperson advised that a circular would be forwarded to creditors advising them of the time and place of the meeting and that proxy forms would be accompany the notice of meeting for any creditors who wished to send a proxy.


6. CLOSURE OF MEETING

The Chairperson thanked those present for attending.

The Chairperson declared the meeting for each of the Companies closed at 2.53pm.

Signed as a correct record.

DATED this 16th day of September 2019.



DAMIEN M HODGKINSON
CHAIRPERSON