

**AUSTRALASIAN MORTGAGE FINANCE LTD**  
**(Administrator Appointed)**  
**ACN: 615 711 772**  
**("the Company")**

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## Voluntary Administrator's Report to Creditors

Prepared pursuant to Section 75-225(3) of the  
*Insolvency Practice Rules (Corporations) 2016* and  
Section 439A of the *Corporations Act 2001*

Dated: 30 November 2020

**Administrator**  
**Date of Administration**  
**Contact**

Chad Rapsey  
3 November 2020  
Daniel Hoawerth  
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**RAPSEY GRIFFITHS**  
TURNAROUND + ADVISORY

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## Annexure Listing

| Annexure | Description  |
|----------|--|
| A        | Notice of Meeting  |
| B        | Form 535 – Formal Proof of Debt or Claim                         |
| C        | Appointment of Proxy   |
| D        | ARITA Creditor Information Sheet Regarding Voidable Transactions |
| E        | Estimated Return to Creditors Calculation                        |
| F        | Remuneration Approval Report                                     |
| G        | Summary of Receipts and Payments                                 |

## Glossary of Terms

| Term    | Description   | Term        | Description   |
|---------|---|-------------|---|
| ACN     | Australian Company Number   | FY          | Financial Year  |
| ALLPAAP | All Present and After Acquired Property                             | IPRs        | <i>Insolvency Practice Rules (Corporations) 2016</i>            |
| ARITA   | Australian Restructuring Insolvency & Turnaround Association        | P&E         | Plant and Equipment   |
| ASIC    | Australian Securities and Investments Commission                    | POD         | Proof of Debt   |
| ATO     | Australian Taxation Office  | PPSR        | Personal Property Securities Register                           |
| BV      | Book Value  | ROCAP       | Report on Company Activities and Property                       |
| COI     | Committee of Inspection   | TBA/TBC     | To be advised / confirmed                                       |
| DIRRI   | Declaration of Independence, Relevant Relationships and Indemnities | the Act     | <i>Corporations Act 2001</i>                                    |
| DOCA    | Deed of Company Arrangement   | the Company | AUSTRALASIAN MORTGAGE FINANCE LIMITED (Administrator Appointed) |
| ERV     | Estimated Realisable Value  | VA          | Voluntary Administration  |
| FEG     | Fair Entitlements Guarantee   | YTD         | Year to Date  |

## 1. Executive Summary

I, Chad Rapsey, was appointed Administrator of the Company on 3 November 2020 pursuant to Section 436A of the Act.

The Directors have advised that the Company was registered during November 2016 with the intention of becoming an Australian non-bank lender. I understand that between November 2016 and January 2019 the Company pursued a strategy of designing, distributing, and managing lending products and programs, and arranging the related facilities to fund a portfolio of residential loans on its own balance sheet. After January 2019, the Company's strategic focus shifted, and it instead sought to acquire an interest in, and partner with, an established mortgage management and non-bank lending platform.

The Directors have advised that the Company ceased to trade prior to my appointment and that its financial difficulties were a result of the failure of the non-resident lending model and the Company's inability to raise funding to complete the above proposed acquisition following the onset of COVID-19.

Creditors will decide the future of the Company at the second meeting of creditors which has been convened as follows:

**Time:** 2:00 PM  
**Date:** Tuesday, 8 December 2020

This report has been prepared pursuant to Section 75-225 of the IPRs to assist creditors of the Company in their decision concerning the future of the Company, which will be decided via resolution at the second meeting of creditors.

The alternatives available to the creditors of the Company at the upcoming meeting are as follows:

- The administration end and control of the Company revert to the Directors;
- That the Company execute a DOCA; or
- The Company be wound up.

The Administrator or creditors (by resolution) may adjourn the meeting for up to forty-five (45) business days.

On 23 November 2020, I received proposals for a DOCA from the following parties:

- Leonard McKinnon and Peter Cossetto ("the McKinnon and Cossetto DOCA Proposal"); and
- Rous Investments Pty Ltd ATF the Rous Investments Trust, Remara Capital Pty Ltd and Hargreaves Singapore Pte Ltd ("the RRH DOCA Proposal").

I have carried out preliminary investigations into the Company's affairs in order to assist in formulating my opinion as to which option is in the best interests of creditors.

The estimated return to creditors in a DOCA v Liquidation scenario is summarised below:

|   | Liquidation |         | McKinnon and Cossetto DOCA Proposal |          | RRH DOCA Proposal |          |
|---|-------------|---------|-------------------------------------|----------|-------------------|----------|
|   | High        | Low     | High                                | Low      | High              | Low      |
| Estimated return to ordinary unsecured creditors                                  | 9.6c/\$     | 8.4c/\$ | 14.6c/\$                            | 12.9c/\$ | 43.1c/\$          | 34.6c/\$ |
| Estimated timing of final dividend to creditors (from date of liquidation / DOCA) | 2-3 months  |         |                                     |          |                   |          |

Please note that the above is an estimate only. Many factors may influence the return to creditors – please refer to Section 8 of this report for further details.

As noted at Section 9 of this report and subject to what I have said below in relation to seeking judicial directions, **it is my opinion that creditors should resolve to execute the McKinnon and Cossetto DOCA Proposal** as the DOCA satisfies the objectives under s435A of the Act in that:

- It maximises the chances of the Company continuing in existence; and
- It provides for equal treatment of participating creditors and provides for a greater return to creditors than a liquidation scenario.

Whilst the RRH DOCA Proposal provides a greater return to creditors when compared with the McKinnon and Cossetto DOCA Proposal, I am unable to recommend that creditors accept same as I am concerned that the differential treatment of creditors under the RRH DOCA Proposal may be unfairly prejudicial to certain related party creditors with respect to unpaid consulting fees.

The major creditor claims in the administration are from related parties relating to unpaid consulting fees. There have been assertions made by numerous stakeholders that the related parties are only entitled to equity in the Company in lieu of cash compensation under their respective consulting agreements.

My assessment of whether those parties are entitled to be treated as creditors for unpaid consulting fees has become essential in assessing the merits of the DOCA proposals. Similarly, my admission of such creditors (or not) for voting purposes seems likely to be determinative, or potentially determinative, of which proposal (if any) is successful.

Notwithstanding my above recommendation, given the critical nature of the assessment of related party claims, both in terms of voting entitlements and the assessment of competing DOCAs, and the contentiousness of the issue, I consider it appropriate to seek judicial directions under section 90-15 of the *Insolvency Practice Schedule (Corporations)* (s 90-15) as to whether the relevant consultants should be treated as creditors of the company in this administration in respect of their unpaid consulting fees. If the Court were to provide directions contrary to my present assessment that various related parties ought to be admitted in respect of unpaid consulting fees, then this would likely alter my recommendation.

Accordingly, it is my intention to exercise my power as the person presiding at the second meeting of creditors to adjourn the meeting under Section 75-140(1) and (3) of the IPRs, so that I can seek judicial directions with respect to the related party claims.

## **2. Introduction**

### **2.1 Purpose of appointment and this report**

I, Chad Rapsey, was appointed as Administrator of the Company on 3 November 2020 pursuant to Section 436A of the Act.

I refer to my first circular to creditors dated 5 November 2020 and now provide my report pursuant to Section 75-225 of the IPRs.

VA is an insolvency procedure where the director/s of a financially troubled company or a secured creditor with security over most of the company's assets appoint an external administrator called a 'voluntary administrator'. The role of the voluntary administrator is to investigate the company's affairs, to report to creditors and to recommend to creditors whether the company should enter into a DOCA, go into liquidation or to be returned to the director/s. The effect of the appointment of a voluntary administrator is to provide a company with 'breathing space' while the company's future is resolved by creditors.

This report has been prepared pursuant to Section 75-225 of the IPRs to assist creditors of the Company in their decision concerning the future of the Company, which will be decided via resolution at the second meeting of creditors. Please refer to Section 2.6 of this report for further details regarding the second meeting of creditors and the options available to creditors.

The purpose of this report is to provide creditors with sufficient information for them to make an informed decision about the future of the Company at the upcoming meeting, including:

- Background information about the Company;
- The results of my preliminary investigations into the affairs of the Company;
- The estimated returns to creditors of the Company;
- Details of the DOCA proposals received for the Company; and
- The options available to creditors and my opinion on each of these options.

### **2.2 Strategy of Appointment**

The stated purposes of the provisions of the Act regarding voluntary administrations are for the affairs of a company to be administered in such a way that:

- a) Maximises the chances of a company, or as much as possible of its business continuing in the future; or
- b) Results in a better return for creditors than would be achieved from the immediate winding up of a company.

In the available time, I have undertaken preliminary investigations into the Company's business, property, affairs and financial circumstances which are detailed in this report. These investigations form the basis of my recommendation to creditors about the Company's future.

### **2.3 Basis of Report**

This report has been prepared primarily based on information obtained from the books and records of the Company and the Directors.

Although I have conducted certain preliminary investigations into the affairs of the Company, I have not undertaken an audit of the Company and its books and records and accordingly, there may be matters of which I am unaware. In my opinion this has not prevented me from being able to provide sufficient, meaningful information in this report or from being able to form an opinion on what I believe to be in creditors' best interests.

In the time available to me, I have undertaken the following major tasks to prepare this report and formulate my opinion:

- Obtained and reviewed the books and records of the Company, including bank statements and the Company's electronic records;
- Reviewed the Company's audited general purpose financial report for the year ended 30 June 2018 (including comparative financial information for the year ended 30 June 2017);
- Reviewed the Company's Xero accounting file, containing its management accounting records for the period 3 November 2016 until the date of my appointment;
- Conducted preliminary investigations into the history and affairs of the Company;
- Made enquiries regarding Company assets and assessed realisable values;
- Conducted various searches for assets owned by the Company;
- Held discussions with the Directors of the Company;
- Liaised with creditors and shareholders;
- Conducted preliminary investigations into insolvent trading and voidable transactions; and
- Analysed the proposed DOCAs.

The strict reporting timeframes prescribed under the Act mean that professional judgement must be exercised in relation to a balance between speed of reporting and the extent and nature of my investigations which are only preliminary in nature.

I reserve the right to alter any conclusions reached on the basis of any further information which may become available to me between the date of this report and the date of the second meeting.

#### **2.4 Declaration of Independence, Relevant Relationships and Indemnities**

In accordance with Section 436DA of the Act, my DIRRI was provided with my first report to creditors dated 5 November 2020 and was also tabled at the first meeting of creditors held on 13 November 2020.

The DIRRI disclosed information regarding my independence, prior personal or professional relationships with the Company or related parties and any indemnities received in relation to the appointment. This assessment identified no real or potential risks to my independence.

I confirm there have been no changes to my DIRRI since the date of signing.

#### **2.5 First Meeting and Committee of Creditors**

Pursuant to Section 436E of the Act, I was required to hold a first meeting of creditors within eight (8) business days of my appointment. A first meeting of creditors of the Company was held on 13 November 2020 at 10:00 AM.

At the meeting, no replacement Administrator was appointed, and no COI was not formed.

## 2.6 Second Meeting of Creditors

Section 439A of the Act requires that I convene a second meeting of creditors to determine the Company's future. Accordingly, the following meeting has been convened:

**Time:** 2:00PM  
**Date:** Tuesday, 8 December 2020

A notice of meeting is attached at **Annexure A**.

At the upcoming meeting, creditors will decide the Company's future by voting on one (1) of the following options:

- The administration end and control of the Company revert to the Directors;
- That the Company execute a DOCA; or
- The Company be wound up.

The Administrator or creditors (by resolution) may adjourn the meeting for up to forty-five (45) business days.

My recommendation regarding the future of the Company is contained at section 9 of this report.

Creditors wishing to participate in the upcoming meeting of creditors must complete and return the following forms, further details / instructions for which are contained within the notice of meeting:

- **Annexure B** - Form 535 – Formal Proof of Debt or Claim Form; and
- **Annexure C** - Proxy Form (for corporate creditors or creditors who are represented by someone other than themselves).

## 3. Background Information

### 3.1 Incorporation, Registered Office and Principal Place of Business

A search of the ASIC database disclosed that the Company was incorporated on 3 November 2016 in the state of New South Wales.

The Company's registered office and principle place of business at the date of my appointment was recorded in the ASIC database as 'Australia Square' Level 33, 264-278 George Street, Sydney NSW 2000.

The Company holds Australian credit representative number 494065, however at the time of my appointment, did not hold any authorisation from an Australian Credit Licensee to act as a credit representative.

### 3.2 Shareholders and Company Officers

#### 3.2.1 Shareholders

The ASIC database indicates that the Company is a public unlisted company limited by shares.

A list of the top 20 shareholders (including equal rankings) based on the number of shares issued at the date of appointment according to the Company's member register is shown in the following table:

| Shareholder   | Number           | %              |
|---|------------------|----------------|
| GREGORY ALLAN GOODMAN & ANNE GOODMAN <BUONAMANO FAMILY TRUST>               | 151,515          | 1.93%          |
| VENNARD FRANCIS O'NEILL & NICOLA JANE O'NEILL <B & C SUPER FUND>            | 151,515          | 1.93%          |
| CRAYFORM PTY LTD <PAYNE FAMILY TRUST>                                       | 151,515          | 1.93%          |
| ADAM JOHN DIXON   | 158,730          | 2.02%          |
| CRANPORT PTY LTD  | 158,730          | 2.02%          |
| MCVEIGH SUPER PTY LTD <MCVEIGH FAMILY SUPER FUND>                           | 158,730          | 2.02%          |
| REMARA CAPITAL PTY LTD  | 158,731          | 2.02%          |
| GERARD JOSEPH LAWLOR  | 160,000          | 2.03%          |
| MICHAEL BATO & ASSOCIATES PTY LTD   | 166,307          | 2.11%          |
| SHEKPAI PTY LIMITED <SHEKPAI SUPERANNUATION FUND>                           | 210,000          | 2.67%          |
| COZ-E PTY LTD   | 230,000          | 2.92%          |
| PETER JAMES GAVAGHAN  | 238,096          | 3.03%          |
| FRANCIS WILLIAM LANNEN & PHILIPPA MAUDE BARRY <DROMANA SUPERANNUATION FUND> | 268,635          | 3.42%          |
| ELIZABETH JANE PURDEY   | 317,460          | 4.04%          |
| CLIFFORD CHARLES HURD   | 317,462          | 4.04%          |
| ANIKEN PTY LTD <MARIGOLD INVESTMENTS SUPER FUND>                            | 318,000          | 4.04%          |
| CANONBAR INVESTMENTS PTY LTD  | 327,739          | 4.17%          |
| CRAYFORM PTY LIMITED  | 340,174          | 4.32%          |
| LENROSS NOMINEES PTY LTD <LEONARD MCKINNON SUPERANNUATION FUND>             | 347,715          | 4.42%          |
| COZ-E PTY LTD <COSSETTO FAMILY TRUST>                                       | 592,154          | 7.53%          |
| SIMON COURTNEY ROBINSON <COURTNEYROBINSON FAMILY TRUST>                     | 801,270          | 10.19%         |
| <b>Total</b>  | <b>5,724,478</b> | <b>72.78%</b>  |
|   |                  |                |
| <b>Total number of shares issued</b>  | <b>7,865,421</b> | <b>100.00%</b> |

#### Discrepancy between ASIC and Company records relating to shares

I note that a comparison of the ASIC register against the Company's member register disclosed a discrepancy with respect to the number of shares issued and the amount paid for those shares as shown in the following table.

|                             | Based on ASIC register | Based on Company books and records | Variance  |
|-----------------------------|------------------------|------------------------------------|-----------|
| Shares Issued               | 7,997,921              | 7,865,421                          | 132,500   |
| Amount paid for Shares (\$) | \$ 2,953,246           | \$ 2,905,536                       | \$ 47,710 |

It appears that the discrepancy relates to a shareholder approved Company buy-back of shares held by a Director of the Company, Mr Peter Cossetto. This transaction is discussed in further detail at section 3.7.8 of this report.

#### Unentered share transfer requests

I note that the Directors have advised of various share transfer requests that had not been entered into the Company's member register at the time of my appointment as Administrator.



### 3.2.2 Officers

The ASIC database indicates that during the twelve (12) month period prior to my appointment the officers of the Company were:

| Name                  | Position           | Start Date    | Cease Date |
|-----------------------|--------------------|---------------|------------|
| Peter Julian Cossetto | Director/Secretary | 12 April 2017 | Current    |
| Leonard Ross McKinnon | Director           | 6 June 2018   | Current    |
| Rodney Rayden Payne   | Director           | 6 June 2018   | Current    |

### 3.3 Security Interests

A search of the PPSR did not disclose any security interests registered over the Company's property.

### 3.4 Company History and Nature of Business

The Company was incorporated on 3 November 2016 as an unlisted public company. The Directors have advised that the Company was registered with the intention of becoming an Australian non-bank lender.

The Company is the parent entity of two (2) wholly owned subsidiaries, AustralAsian Finance Nominees Pty Ltd and Panorama Funding No.1 Pty Ltd. I note that the subsidiaries are not under external administration. A summary of the activities of the subsidiaries in the context of the operations of the group is provided below:

| Entity  | Current Director | Registered on   | Current ownership interest | Primary activity  |
|---|------------------|-----------------|----------------------------|---|
| Panorama Funding No.1 Pty Ltd ("PF1")         | Peter Cossetto   | 15 May 2018     | 100%                       | <ul style="list-style-type: none"><li>PF1 was a special purpose funding vehicle.</li><li>During July 2018, documents were executed relating to a \$50m finance facility which was made available to PF1. The funding facility was provided by T-A Investments Pty Limited ("<b>TransAsia</b>"), an unrelated third party.</li></ul>   |
| AustralAsian Finance Nominees Pty Ltd ("AFN") |                  | 19 January 2018 |                            | <ul style="list-style-type: none"><li>AFN was a special purpose lender of record.</li><li>PF1 provided funding to AFN to settle approved loans to third party non-resident borrowers to be secured over real residential property in Australia.</li><li>During the term that the funding facility was available to the group, a single loan was settled with a client during November 2018.</li></ul> |

The intercompany transactions between the Company, PF1 and AFN are discussed further at section 5.1 of this report.

The Directors have advised that:

- The Company initially pursued a strategy of designing, distributing and managing lending products and programs, and arranging the related facilities to fund a portfolio of residential loans on its own balance sheet.
- Around March 2019, the Company's strategy was amended, and the Company instead sought to acquire an interest in, and partner with, MortgagePort Management ("**MPM**"), the operator of an established mortgage and

non-bank lending platform. In the period to February 2020, the Company had negotiated terms for the acquisition of an interest in MPM in various prospective structures (“**MPM Acquisition Transaction**”).

- During July 2019, the Group withdrew from arrangements with TransAsia due to the high costs associated with the funding and difficulties associated with building a scalable lending book.
- During February 2020, a prospective investor withdrew their proposed \$500,000 investment in the Company, which the Company intended to utilise to progress the MPM Acquisition Transaction.
- Between February 2020 and March 2020, the Company attempted to raise capital to progress the MPM Acquisition Transaction. Multiple prospective investors expressed interest, however around March 2020, the impacts of COVID-19 began to be felt, resulting in the withdrawal of interest by the prospective investors.
- Effective 28 February 2020, to provide the Company with sufficient funds so that it could retain purchase exclusivity with respect to the MPM Acquisition Transaction, and in the absence of alternate sources of funding being available to the Company, PF1 sold a portion of its equitable interest in the abovementioned non-resident loan to entities associated with Mr McKinnon and Mr Cossetto for consideration of \$100,000. Those funds were paid to MPM so that the Company could retain purchase exclusivity with respect to the MPM Acquisition Transaction.
- On 25 March 2020, the holders of convertible notes issued by the Company with a face value of \$250,000 provided notice of an intention to seek an immediate redemption of the notes and demanded payment by 9 April 2020.
- During late March 2020, the Company ceased its prosecution of the MPM Acquisition Transaction as it did not have the funds to complete same.

The Directors advised that they actively considered the impact of the above events on the Company’s solvency. Following March 2020, the Directors advised that the Company took steps to cease trading and to prevent incurring further debt.

After March 2020, the Directors advised that they entered into discussions with various parties with respect to the development of a proposal to restructure the Company’s ownership interests and settle creditor claims.

Whilst a proposal was received by the Directors on 28 October 2020, which was later refined on 2 November 2020, in the view of the majority of the Directors, the proposals did not include sufficient details to form the view with any certainty that the Company was not insolvent, or that it would not become insolvent at some future date. This resulted in my appointment as Administrator on 3 November 2020.

### **3.5 Explanations for Difficulties**

#### **3.5.1 Directors’ Explanation**

The Directors have advised that the Company’s failure was a result of the following:

- The failure of the non-resident lending model as a result of the high costs associated with the funding and difficulties associated with building a scalable lending book given the lack of market demand; and
- The Company’s inability to complete the MPM Acquisition Transaction given the onset of COVID-19, its inability to raise funding and the difficulties associated with finalising commercial arrangements with respect to the transaction.

#### **3.5.2 Administrator’s Explanation**

My preliminary investigations appear to support the Directors’ comments above, however based on investigations to date, I am of the opinion that the following factors also contributed to the failure of the Company:

- The Company had an ineffective start-up business model with a high cost base, including related and non-related consulting fees.
- Poor liquidity: the Company had inadequate cash inflows to meet current liabilities including the redemption of the convertible notes or consulting fees.
- Undercapitalisation: the Company did not have sufficient cash reserves to enable a broader capital raising or other equity transaction necessary to ensure the continued solvency of the Company. The Company's ability to undertake these initiatives was also negatively impacted by COVID-19.

The above is based on my preliminary investigations in relation to the Company. If I am appointed Liquidator, further investigations may be undertaken which may uncover further reasons for the failure of the Company.

### 3.6 Books and Records

Section 286(1) of the Act provides that a company must keep written financial records that:

- “(a) correctly record and explain its transactions and financial position and performance; and  
(b) would enable true and fair financial statements to be prepared and audited.”*

Section 286(2) states that financial records must be retained for seven (7) years after the transactions covered by the records are completed.

Following my appointment, I was provided with the key books and records of the Company.

The books and records of the Company appear to be up-to-date and reconciled up to my appointment in such a way as to allow me to assess the financial position of the Company. Accordingly, I consider that the Company appears to have complied with its obligations under section 286 of the Act.

### 3.7 Related Party Claims

I am aware of the following potential related party claims:

| Creditor Name  | Notes | ROCAP (\$)       | POD (\$)         | Administrator's ERV (\$) |                  |
|--|-------|------------------|------------------|--------------------------|------------------|
|  |       |                  |                  | Optimistic               | Pessimistic      |
| Canonbar Investments Pty Ltd                                   | 3.7.1 | 4,583            | -                | 4,583                    | 4,583            |
| The Doc Pty Ltd  | 3.7.2 | 4,583            | -                | 4,583                    | 4,583            |
| Diamond Financial Consulting Pty Ltd / David Diamond           | 3.7.3 | 46,084           | 46,078           | 23,039                   | 46,078           |
| Rous Investments Pty Ltd as trustee for Rous Investments Trust | 3.7.4 | 102,400          | 108,521          | 108,438                  | 108,438          |
| Rodney Payne   | 3.7.5 | 7,590            | -                | 7,590                    | 7,590            |
| Crayform Pty Ltd   | 3.7.6 | 240,625          | 240,000          | 240,625                  | 240,625          |
| Lenross Financial Group Pty Ltd                                | 3.7.7 | 242,125          | 242,100          | 242,125                  | 242,125          |
| Peter Cossetto   | 3.7.8 | 479,771          | 480,104          | 480,104                  | 480,104          |
| <b>Total</b>   |       | <b>1,127,761</b> | <b>1,116,803</b> | <b>1,111,087</b>         | <b>1,134,126</b> |

### 3.7.1 Canonbar Investments Pty Ltd

| Query  | Administrator's Comments   |
|--|--|
| Relationship with the Company                          | Peter Bennetto is associated with this entity. Mr Bennetto was a Director of the Company between 13 April 2017 and 19 September 2017.        |
| When the debt was incurred                             | August 2017  |
| How the debt was incurred                              | Fees for consulting services provided to the Company.  |
| Was the debt assigned                                  | No   |
| Process taken by the Administrator to verify the claim | Whilst I note no POD has been received, I confirm I have undertaken a review of the invoices located within the Company's books and records. |

### 3.7.2 The Doc Pty Ltd

| Query  | Administrator's Comments   |
|--|--|
| Relationship with the Company                          | Stephen Conrad is associated with this entity. Mr Conrad was a Director of the Company between 12 April 2017 and 26 November 2017.           |
| When the debt was incurred                             | October 2017   |
| How the debt was incurred                              | Fees for consulting services provided to the Company.  |
| Was the debt assigned                                  | No   |
| Process taken by the Administrator to verify the claim | Whilst I note no POD has been received, I confirm I have undertaken a review of the invoices located within the Company's books and records. |

### 3.7.3 Diamond Financial Consulting Pty Ltd / David Diamond

| Query  | Administrator's Comments   |
|--|--|
| Relationship with the Company                          | David Diamond is associated with this entity. Mr Diamond was a Director of the Company between 23 May 2017 and 8 December 2018.  |
| When the debt was incurred                             | Between April 2017 and December 2018   |
| How the debt was incurred                              | Fees for consulting services provided to the Company.  |
| Was the debt assigned                                  | No   |
| Process taken by the Administrator to verify the claim | <ul style="list-style-type: none"><li>• Obtained and reviewed the POD submitted by Mr Diamond.</li><li>• Reviewed the consulting agreement between Diamond Financial Consulting Pty Ltd and the Company.</li><li>• Reviewed correspondence between the Company and Mr Diamond with respect to the creditor's claim and the terms of payment of same.</li></ul> |

### 3.7.4 Rous Investments Pty Ltd as trustee for Rous Investments Trust

| Query  | Administrator's Comments  |
|--|---|
| Relationship with the Company                          | David Verschoor is associated with this entity. Mr Verschoor was a Director of the Company between 24 December 2018 and 13 March 2019.  |
| When the debt was incurred                             | July 2018   |
| How the debt was incurred                              | Convertible note issued by the Company.   |
| Was the debt assigned                                  | No  |
| Process taken by the Administrator to verify the claim | <ul style="list-style-type: none"> <li>• Obtained and reviewed the POD and supporting documentation submitted by Rous Investments Pty Ltd as trustee for Rous Investments Trust.</li> <li>• Reviewed the convertible note deed between the creditor and the Company.</li> </ul> |

### 3.7.5 Rodney Payne

| Query  | Administrator's Comments   |
|--|--|
| Relationship with the Company                          | Mr Payne is a current Director of the Company as noted at section 3.2.2 of this report.  |
| When the debt was incurred                             | 6 February 2020  |
| How the debt was incurred                              | Loan   |
| Was the debt assigned                                  | No   |
| Process taken by the Administrator to verify the claim | <ul style="list-style-type: none"> <li>• Whilst I note no POD has been received, I confirm I have undertaken a review of the Company's accounting and banking records to confirm that net funds were loaned to the Company by Mr Payne in the sum of \$7,590 on 6 February 2020.</li> <li>• I note that Mr Payne has advised that he does not intend to participate in a dividend during the administration and would prefer to convert his debt to equity.</li> </ul> |

### 3.7.6 Crayform Pty Ltd ("Crayform")

| Query  | Administrator's Comments   |
|--|--|
| Relationship with the Company                          | Mr Payne is associated with this entity. Mr Payne is a current Director of the Company as noted at section 3.2.2 of this report.   |
| When the debt was incurred                             | July 2018 to March 2020  |
| How the debt was incurred                              | Fees for consulting services provided to the Company   |
| Was the debt assigned                                  | No   |
| Process taken by the Administrator to verify the claim | <ul style="list-style-type: none"> <li>• Obtained and reviewed the POD submitted by Crayform.</li> <li>• Reviewed the consulting agreement between Crayform and the Company.</li> <li>• Reviewed the Company's books and records regarding the incurrance of the debt and terms of repayment of consulting fees payable under the consulting agreement.</li> <li>• Held discussions with the Directors, creditors and shareholders and considered information provided by them in respect of the claim.</li> </ul> |

|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>• Obtained independent legal advice (including advice from counsel) on the validity of Crayform’s claim against the Company.</li> <li>• I note that Mr Payne has advised that Crayform does not intend to participate in a dividend during the administration and would prefer to convert its debt to equity.</li> </ul> |
|--|---|

### 3.7.7 Lenross Financial Group Pty Ltd (“Lenross”)

| Query  | Administrator’s Comments  |                            |                   |
|--|---|----------------------------|-------------------|
| Relationship with the Company                          | Mr McKinnon is associated with this entity. Mr McKinnon is a current Director of the Company as noted at section 3.2.2 of this report.  |                            |                   |
| How and when the debt was incurred                     | Debt type   | When the debt was incurred | Claim Amount (\$) |
|  | Fees for consulting services provided to the Company  | July 2018 to March 2020    | 240,625           |
|  | Expense reimbursements  | Unknown                    | 1,500             |
|  | <b>Total</b>  |                            | <b>242,125</b>    |
| Was the debt assigned                                  | No  |                            |                   |
| Process taken by the Administrator to verify the claim | <ul style="list-style-type: none"> <li>• Obtained and reviewed the POD submitted by Lenross.</li> <li>• Reviewed the consulting agreement between Lenross and the Company.</li> <li>• Reviewed the Company’s books and records regarding the incurrence of the debt and terms of repayment of consulting fees payable under the consulting agreement.</li> <li>• Held discussions with the Directors, creditors and shareholders and considered information provided by them in respect of the claim.</li> <li>• Obtained independent legal advice (including advice from counsel) on the validity of Lenross’s claim against the Company.</li> </ul> |                            |                   |

### 3.7.8 Peter Cossetto

| Query  | Administrator’s Comments   |                                |                   |
|--|--|--------------------------------|-------------------|
| Relationship with the Company                          | Mr Cossetto is a current Director of the Company as noted at section 3.2.2 of this report.   |                                |                   |
| How and when the debt was incurred                     | Debt type  | When the debt was incurred     | Claim Amount (\$) |
|  | Fees for consulting services provided to the Company   | January 2018 to October 2020   | 429,750           |
|  | Expense reimbursements   | December 2019 to November 2020 | 2,654             |
|  | Unpaid proceeds from share buy-back  | 25 November 2019               | 47,700            |
|  | <b>Total</b>   |                                | <b>480,104</b>    |
| Was the debt assigned                                  | No   |                                |                   |
| Process taken by the Administrator to verify the claim | <ul style="list-style-type: none"> <li>• Obtained and reviewed the POD and supporting documents submitted by Mr Cossetto.</li> </ul> |                                |                   |

- Reviewed the consulting agreement between Mr Cossetto and the Company.
- Reviewed the Company's books and records regarding the incurrence of the debt and terms of repayment of consulting fees payable under the consulting agreement.
- Held discussions with the Directors, creditors and shareholders and considered information provided by them in respect of the claim.
- Obtained independent legal advice (including advice from counsel) on the validity of Mr Cossetto's claim against the Company.

#### 4. Historical Financial Analysis

##### 4.1 Financial Statements

The following analysis is based on the Company's:

- Audited general purpose financial report for the year ended 30 June 2018 (including comparative financial information for the year ended 30 June 2017); and
- Xero accounting file, containing its management accounting records for the period 3 November 2016 until the date of my appointment.

I have been provided with draft external financial accounts for the year ended 30 June 2019. Given the draft accounts had not been finalised at the time of my appointment, I have not provided commentary with respect to same in my below analysis.

##### 4.2 Profit and Loss

A summary of the Company's profit and loss statements and my analysis of same follows:

|                           | Management Accounts (\$) |                  |                    | Audited Accounts (\$) |                  |
|---------------------------|--------------------------|------------------|--------------------|-----------------------|------------------|
|                           | YTD 2021                 | FY 2020          | FY 2019            | FY 2018               | FY 2017          |
| <b>Income</b>             | <b>37</b>                | <b>28,583</b>    | <b>1,985</b>       | <b>10,055</b>         | <b>1,098</b>     |
| <b>Less: Expenses</b>     |                          |                  |                    |                       |                  |
| Finance costs             | 4,757                    | (115,812)        | (207,000)          | (103,124)             | (114,596)        |
| Employee expenses         | -                        | (102,083)        | (144,746)          | (27,445)              | (38,189)         |
| Legal expenses            | (5,150)                  | (21,153)         | (170,969)          | (160,391)             | (52,627)         |
| Consultants fees          | (35,000)                 | (354,612)        | (335,543)          | (673,441)             | (281,265)        |
| Insurance expenses        | -                        | -                | (65,938)           | (89,310)              | -                |
| Travel expenses           | -                        | (5,387)          | (30,164)           | (88,217)              | (45,659)         |
| Audit and accounting fees | (3,000)                  | (14,739)         | (5,657)            | (20,027)              | (10,000)         |
| Occupancy expenses        | -                        | (56,762)         | (51,538)           | (43,135)              | -                |
| Depreciation expense      | -                        | -                | -                  | (2,752)               | -                |
| Other expenses            | (233)                    | (9,767)          | (19,035)           | (29,576)              | (697)            |
| <b>Total Expenses</b>     | <b>(38,626)</b>          | <b>(680,315)</b> | <b>(1,030,592)</b> | <b>(1,237,418)</b>    | <b>(543,033)</b> |
| <b>Net Profit/ (Loss)</b> | <b>(38,589)</b>          | <b>(651,731)</b> | <b>(1,028,607)</b> | <b>(1,227,363)</b>    | <b>(541,935)</b> |

- Note - figures rounded to the nearest whole dollar

## Income

- Income during FY2018 and FY2019 appears to have been mainly sourced from application fees charged to prospective borrowers. This income ceased during FY2020 given the Group's exit from TransAsia funding facility discussed at section 3.4 of this report.
- Income during FY2020 was primarily generated via the provision of advisory and support services to MPM.
- The Company reported minimal income over the periods examined. This is expected having regard to the trading history of the Company disclosed by the Directors as discussed at section 3.4 of this report.

## Expenses

- The Company's major expense was consultancy fees and employment expenses, accounting for between 46.6% (FY2019) and 67.1% (FY2020) of total expenses over the periods examined (excluding YTD2021). I note:
  - The Company historically engaged individuals (or their corporate nominees) as contractors rather than as employees. I understand that the employment of staff by the Company ceased around March 2019.
  - Consulting fees is comprised of fees paid (or payable) to current Directors, former Directors and independent contractors. Consulting fees owing by the Company to current Directors are discussed at section 5.5.3 of this report.
- Finance costs and legal expenses comprised between 20.1% (FY2020) and 36.7% (FY2019) of total expenses over the periods examined (excluding YTD2021). I note:
  - Finance costs is comprised primarily of share buyback costs, capital raising commissions, convertible note expenses and interest and credit licencing costs.
  - The fluctuation in finance costs and legal costs between FY2018 and FY2020 is attributable to the commencement (during late FY2018) and subsequent cessation (during early FY2020) of the Company's non-resident lending business.
  - The expenses over the period FY2018 to FY2020 appear to relate to:
    - The setup of credit infrastructure and processes;
    - Ongoing fees relating to the Company's authorisation to act as an authorised representative of Catalyst Private Wealth Pty Ltd (Australian Credit Licensee number 342771);
    - Consulting fees associated with Responsible Manager services provided to the Company; and
    - Legal fees associated with the establishment and subsequent exit of associated funding and service agreements.
- Occupancy expenses remained materially consistent over the period FY2018 to FY2020. The Company vacated its rental premises at Suite 5.07, 3 Spring St SYDNEY NSW 2000 during June 2020. I note that the Company appears to have leased premises in Hong Kong during the period FY2018 to FY2019 and the Directors have disclosed that the Company shared office space with Grow Asset Finance (an entity associated with former Director, David Verschoor) during the period FY2019 to FY2020, for which it paid rent.
- Travel expenses fluctuated over the period examined due to international travel costs which appear to have been incurred by the Company relating to travel to Hong Kong primarily during FY2017 and FY2018, however ceased to be incurred following the Company's exit of its non-resident lending program during FY2019.

## Profit / Loss

- The Company incurred operating losses from incorporation until the date of appointment.
- The losses appear to have been the result of minimal income generated by the Company, in addition to significant expenses which were incurred by the Company in the establishment and subsequent exit of the non-



resident lending program and the Company's efforts to raise equity funding and execute the MPM Acquisition Transaction.

### 4.3 Balance Sheet

A summary of the Company's balance sheets and my analysis of same follows:

|                          | Management Accounts (\$) |                  |                  | Audited Accounts (\$) |                |
|--------------------------|--------------------------|------------------|------------------|-----------------------|----------------|
|                          | 3 November 2020          | 30 June 2020     | 30 June 2019     | 30 June 2018          | 30 June 2017   |
| Current Assets           | 732,377                  | 557,585          | 653,391          | 35,965                | 145,569        |
| Non-Current Assets       | 185,310                  | 185,310          | 13,334           | -                     | 2,752          |
| <b>Total Assets</b>      | <b>917,687</b>           | <b>742,895</b>   | <b>666,725</b>   | <b>35,965</b>         | <b>148,321</b> |
| Current Liabilities      | 1,202,207                | 988,826          | 643,067          | 541,884               | 134,455        |
| Non-Current Liabilities  | 252,686                  | 252,686          | 251,044          | 33,500                | -              |
| <b>Total Liabilities</b> | <b>1,454,893</b>         | <b>1,241,512</b> | <b>894,111</b>   | <b>575,384</b>        | <b>134,455</b> |
| <b>Net Assets</b>        | <b>(537,206)</b>         | <b>(498,617)</b> | <b>(227,387)</b> | <b>(539,419)</b>      | <b>13,866</b>  |
| Share Capital            | 2,905,536                | 2,905,536        | 2,525,036        | 1,191,697             | 555,801        |
| Capital Reserve          | 38,182                   | 38,182           | 38,182           | 38,182                | -              |
| Retained Earnings        | (3,480,924)              | (3,442,335)      | (2,790,604)      | (1,769,298)           | (541,935)      |
| <b>Total Equity</b>      | <b>(537,206)</b>         | <b>(498,617)</b> | <b>(227,387)</b> | <b>(539,419)</b>      | <b>13,866</b>  |

Note - figures rounded to the nearest whole dollar

#### Assets

- **Current assets** principally consist of related party receivables (from AFN/PF1), GST receivables and cash at bank.
  - The significant increase in current assets between 30 June 2018 and 30 June 2019 is attributable to the issuing of equity in the form of ordinary shares (\$1.33m) and debt in the form of convertible notes (\$250,000) to fund the Company's working capital requirements.
  - GST receivables increased from \$32,366 as at 30 June 2018 to \$124,144 as at 3 November 2020. The Company is registered for GST on a cash basis and as it has not paid certain liabilities to which the relevant GST credits attach, it has been unable to claim same from the ATO.
  - Related party loans receivable (from AFN/PF1) of \$133,737 arose during the 2018FY. Those loans increased to \$355,128 as at the date of administration. I have provided further commentary in respect of the related party loans at section 5.1 of this report.
- **Non-current assets** as at 30 June 2017 represents computer equipment which was fully depreciated during the 2018FY. The balance from 30 June 2019 represents a combination of capitalised fees paid to the Company's legal advisors and funds paid to MPM in connection with the MPM Acquisition Transaction, which ultimately did not proceed, as discussed at sections 3.4 and 5.4.2 of this report.

#### Liabilities

- **Current liabilities** consist mainly of trade creditors and related party loan accounts (owing to PF1).
  - Trade creditors increased from \$6,734 as at 30 June 2017 to \$912,657 as at 3 November 2020. I note:
    - This balance does not appear to include all trade creditors of the Company; and

- It appears that certain obligations of the Company were recorded as trade creditor liabilities, notwithstanding that there has been some suggestion that those obligations may have been satisfied by way of the parties taking equity in lieu of a cash settlement. Creditors are referred to section 5.5.3 of this report for further discussion in respect of those arrangements for current Directors.
  - Related party loans (owing to PF1) reported a nil balance as at 30 June 2019, before increasing to \$22,903 at 30 June 2020 and \$205,210 at 3 November 2020. It is my view that these balances should be set off against the loans owing from PF1 as referred to above and discussed further at section 5.1.2 of this report.
- **Non-current liabilities** principally comprise convertible notes and director loans.
  - With respect to director loans:
    - The balance as at 30 June 2018 relates to monies advanced to the Company by former managing Director of the Company, Simon Robinson, during the 2017FY. These funds were repaid to Mr Robinson during the course of the 2017FY, 2018FY and 2019FY.
    - The balance as at 30 June 2020 and the date of my appointment relates to a loan advanced by Mr Payne as noted at section 3.7.5 of this report.
  - With respect to the convertible notes:
    - The Company issued convertible notes in favour of Rous Investments Pty Ltd as trustee for Rous Investments Trust (an entity associated with Mr Verschoor, a former Director of the Company) and Hargreaves Singapore Pte. Ltd. with a combined face value of \$250,000 on 4 July 2018.
    - The notes held a 2-year term and carried interest at the rate of 10% per annum on the amount outstanding along with the ability for the noteholders to elect that the notes be converted to ordinary shares.
    - I understand the notes were redeemed during March 2020, requiring the Company to repay the face value of the notes on 9 April 2020.

## Equity / Net Assets

- The Company recorded a significant net asset deficiency from FY2018 onward. Whilst this position improved between FY2018 and FY2019, it deteriorated from FY2019 until the date of my appointment.
- The Company appears to have been almost entirely reliant on equity funding to support its operations, which I note declined significantly during FY2020 when compared with prior periods. Please refer to the comments made by the Company's auditor as noted at section 6.3.1.7 of this report in this regard.

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## 5. Directors' ROCAP

The Directors of the Company have jointly submitted a ROCAP as at the date of my appointment. The ROCAP shows the Company's assets and liabilities at the date of administration.

The following table summarises the Directors' ROCAP and my opinion as to the ERV of each asset category. The ERV is equivalent to an item's cash or liquidated value.

| ROCAP as at 3 November 2020<br>(subject to costs of the external administration) | Report Ref | ROCAP ERV (\$)     | Administrator's ERV (\$) |                    | Realisation to Date (\$) |
|--|------------|--------------------|--------------------------|--------------------|--------------------------|
|  |            |                    | Optimistic               | Pessimistic        |                          |
| Sundry Debtors   | 5.1        | -                  | 10,084                   | 10,084             | -                        |
| Cash on Hand / Cash at Bank  | 5.2        | 258,839            | 258,839                  | 258,839            | 258,839                  |
| Plant & Equipment  | 5.3        | -                  | -                        | -                  | -                        |
| Other Assets   | 5.4        | -                  | -                        | -                  | -                        |
| <b>Total Assets</b>  |            | <b>258,839</b>     | <b>268,923</b>           | <b>268,923</b>     | <b>258,839</b>           |
| Ordinary Unsecured Creditors   | 5.5        | (1,655,464)        | (1,551,283)              | (1,593,572)        |                          |
| <b>Total Liabilities</b>   |            | <b>(1,655,464)</b> | <b>(1,551,283)</b>       | <b>(1,593,572)</b> |                          |
| <b>Net Asset Surplus / (Deficiency)</b>  |            | <b>(1,251,625)</b> | <b>(1,282,360)</b>       | <b>(1,324,649)</b> |                          |

The following commentary is provided in respect of the Directors' ROCAP along with my preliminary investigations to date.

### 5.1 Sundry Debtors

The Directors' ROCAP, Company' books and records and my preliminary investigations disclosed debtors due to the Company at the date of administration as shown in the following table:

|   | Notes | Management Accounts (\$) | Director's ROCAP (\$) |                   | Administrator's ERV (\$) |               |
|---|-------|--------------------------|-----------------------|-------------------|--------------------------|---------------|
|   |       |                          | Amount Owing          | Amount Realisable | Optimistic               | Pessimistic   |
| AustralAsian Finance Nominees Pty Ltd ("AFN") | 5.1.1 | 1,527                    | -                     | -                 | -                        | -             |
| Panorama Funding No.1 Pty Ltd ("PF1")         | 5.1.2 | 353,601                  | 145,000               | -                 | -                        | -             |
| GST Refunds                                   | 5.1.3 | -                        | -                     | -                 | 10,084                   | 10,084        |
| <b>Total</b>                                  |       | <b>355,128</b>           | <b>145,000</b>        | <b>-</b>          | <b>10,084</b>            | <b>10,084</b> |

#### 5.1.1 AFN

The Company's management accounts suggest this loan arose as a result of the Company paying ASIC fees and legal expenses on behalf of AFN.

The Directors have disclosed that AFN;

- Is not trading;
- Has no realisable assets to repay the loan from the Company; and
- Has had no cash flows since registration and has had no accounts prepared.

Based on the Directors' disclosure, I do not expect that this loan is recoverable.

### 5.1.2 PF1

Based on my review of the Company's records, I calculate the loan balance as follows:

| <b>Loan Account</b>  | <b>Notes</b> | <b>Management Accounts (\$)</b> |
|--|--------------|---------------------------------|
| PF1 – Originator loans                                       | (a)          | 351,045                         |
| PF1 – Other loans  | (b)          | 2,556                           |
| <b>Total loan balance</b>                                    |              | <b>353,601</b>                  |
| <i>Less: Offset of collections payable liability balance</i> | (c)          | (205,210)                       |
| <b>Adjusted loan balance</b>                                 |              | <b>148,391</b>                  |

- (a) This balance relates to funds advanced by the Company to PF1 in order for it to meet its obligations under the Senior Facility Agreement with TransAsia, including the payment of PF1's costs of exiting those arrangements during July 2019 in the sum of \$304,557.
- (b) This balance relates to the Company paying (or providing for) ASIC fees and valuation expenses on behalf of PF1 in the sum of \$2,556.
- (c) The Company's management accounts record a liability of \$205,210 as at the date of my appointment relating to monies received by the Company from the borrower as a result of the single non-resident loan settled by the group as referred to at section 3.4 of this report. As PF1 was the holder of the equitable interest in the loan, the Directors have advised that the liability balance in the accounts should have been applied in partial offset of the loan owing from PF1 to the Company referred to at note (a) above. Having regard to the nature of the transactions and considering the effect of section 553C of the Act in a liquidation scenario, I consider this to be reasonable.

The Directors have disclosed that PF1 is not trading and has no realisable assets to repay the loan from the Company.

I have obtained management accounts for PF1 which support the Directors' disclosure in this regard. As a result, I do not expect that this loan is recoverable.

### 5.1.3 GST Refunds

A review of the Company's ATO accounts suggests the Company is due a refund relating to GST credits in the sum of \$10,084.

I have requested that the ATO refund this amount to the Company.

## 5.2 Cash at Bank

The Directors' ROCAP disclosed cash at bank held at the date of my appointment totalling \$258,839.

Upon my appointment, I issued correspondence to a number of financial institutions in search of bank accounts held in the name of the Company. The Commonwealth Bank of Australia ("CBA") have subsequently advised that the Company operated two (2) bank accounts which held a collective balance of \$258,839 as at the date of my appointment.

## 5.3 Plant & Equipment

The Directors' ROCAP did not disclose any P&E owned by the Company.

The Company's management accounts record fully depreciated computer equipment owned by the Company. I do not consider those items are likely to have a commercial resale value.

## 5.4 Other Assets

### 5.4.1 Website and Domain

The Directors' ROCAP disclosed other assets of the Company consisting of its website and domain with a nil ERV. I do not consider these assets are likely to have a commercial resale value.

### 5.4.2 MPM Acquisition Costs

As noted at section 4.3 of this report, the Company's management accounts record non-current assets relating to the MPM Acquisition Transaction. The balance of those accounts based on the management accounts at the date of administration is as follows:

|                           | Management Accounts (\$) |
|---------------------------|--------------------------|
| Investments               | 100,000                  |
| Legal Fees - Mortgageport | 85,310                   |
| <b>Total</b>              | <b>185,310</b>           |

The \$100,000 balance represents a non-refundable deposit paid to MPM in connection with the MPM Acquisition Transaction. The balance of \$85,310 relating to legal fees represents capitalised expenses paid or provided for by the Company in connection with the MPM Acquisition Transaction.

Given the MPM Acquisition Transaction ultimately did not proceed, these balances are unlikely to represent realisable assets of the Company.

### 5.4.3 Shares in Subsidiaries

As noted at section 3.4 of this report, AMFL is the parent entity of AFN and PF1, holding 100% of the shares issued by both entities.

The Directors have indicated that prior to administration, there was some interest expressed to the Company for the acquisition of one or both subsidiaries, however, at present the board is uncertain as to the likely value, if any, of its interest in the subsidiaries.

Having regard to the comments contained at sections 5.1.1 and 5.1.2 of this report, when considering the interests of the Company in each subsidiary in isolation, it is unlikely that the shares hold a realisable value. Whilst further investigations may be required in this regard, for the purposes of this report, I have estimated a nil ERV in this regard.

## 5.5 Unsecured Creditors

The Directors' ROCAP disclosed the following ordinary unsecured creditor claims.

| Creditor Name   | Notes | ROCAP (\$)       | POD (\$)         | Administrator's ERV (\$) |                  |
|---|-------|------------------|------------------|--------------------------|------------------|
|   |       |                  |                  | Optimistic               | Pessimistic      |
| <b>Unrelated Unsecured Creditors</b>  | 5.5.1 | <b>513,549</b>   | <b>376,855</b>   | <b>440,196</b>           | <b>459,446</b>   |
| <b>Related Entities – Former Directors</b>  | 5.5.2 | <b>157,650</b>   | <b>154,599</b>   | <b>140,643</b>           | <b>163,682</b>   |
| <b>Related Entities – Current Directors – Consulting Fees</b>                             |       |                  |                  |                          |                  |
| Crayform Pty Ltd  | 5.5.3 | 240,625          | 240,000          | 240,625                  | 240,625          |
| Lenross Financial Group Pty Ltd   |       | 240,625          | 240,600          | 240,625                  | 240,625          |
| Peter Cossetto  |       | 429,750          | 429,750          | 429,750                  | 429,750          |
| <b>Subtotal – Related Entities – Current Directors – Consulting Fees</b>                  |       | <b>911,000</b>   | <b>910,350</b>   | <b>911,000</b>           | <b>911,000</b>   |
| <b>Related Entities – Current Directors – Debts Other Than Consulting Fees</b>            |       |                  |                  |                          |                  |
| Rodney Payne  | 5.5.4 | 7,590            | -                | 7,590                    | 7,590            |
| Lenross Financial Group Pty Ltd   |       | 1,500            | 1,500            | 1,500                    | 1,500            |
| Peter Cossetto  |       | 50,021           | 50,354           | 50,354                   | 50,354           |
| <b>Subtotal – Related Entities – Current Directors – Debts Other Than Consulting Fees</b> |       | <b>59,111</b>    | <b>51,854</b>    | <b>59,444</b>            | <b>59,444</b>    |
| <b>PF1 Obligations</b>  | 5.5.5 | <b>14,154</b>    | <b>-</b>         | <b>-</b>                 | <b>-</b>         |
| <b>Grand Total</b>  |       | <b>1,655,464</b> | <b>1,493,658</b> | <b>1,551,283</b>         | <b>1,593,572</b> |

I note that the above figures are estimates and are subject to change pending the receipt and adjudication of final proofs of debt from creditors.

The categories of unsecured creditors are discussed further below.

### **5.5.1 Unrelated unsecured creditors**

The amounts disclosed in the Administrator's ERV column are based on either the Directors' ROCAP, the Company's books and records and PODs submitted in addition to my independent investigations.

I note that Company records suggest that agreements may have been reached with certain creditors that they would be issued ordinary shares in the Company in consideration for amounts owing by the Company. If these agreements are valid, those creditors may not be entitled to prove in the event a dividend is paid to creditors.

If I am appointed Liquidator or Deed Administrator, prior to declaring a dividend to creditors, to the extent that those creditors seek to participate in a dividend, I will need to investigate these issues in further detail.

### **5.5.2 Related Entities – Former Directors**

These creditors are related entities as the claims are made by (or may be available to) entities which are controlled by former Directors of the Company.

These claims are discussed further at sections 3.7.1, 3.7.2, 3.7.3 and 3.7.4 of this report.

### **5.5.3 Related Entities - Current Directors – Consulting Fees**

I refer to sections 3.7.6, 3.7.7 and 3.7.8 of this report with respect to these claims.

I note the following with regard to the potential claims for consulting fees by the current Directors (or their associated entities):

- The potential claims arise under documented consulting agreements between these parties and the Company;
- There have been assertions made by numerous stakeholders that the parties are only entitled to equity in the Company in lieu of cash compensation under their respective consulting agreements. These assertions arise as a result of alleged disclosures and / or representations made by the Directors or the Company which were in some instances minuted by the Company or recorded in its financial reports; and
- Each consulting agreement provides that the agreement is unable to be altered or amended, except in writing as between the parties.

I obtained independent legal advice with respect to the potential claims for consulting fees prior to the first meeting of creditors, following which, I formed the preliminary view that the parties were entitled to make their claims against the Company. This preliminary view was formed on the basis that none of the actions by the Directors amounted to any binding acceptance that such compensation would be paid by the issuing of shares to the exclusion of a cash entitlement, noting that the provisions of the consultancy agreements required amendments or alterations to be in writing as between the relevant parties.

Following the first meeting of creditors and upon further consideration of information obtained in relation to the claims, I obtained a second legal opinion from counsel. Whilst the advice provided supported my initial opinion as to the value of the claims against the Company (albeit on a different basis to my initial legal advice), given the materiality of the claims and the potential impact on creditors, the advice received suggested that it may be appropriate to apply to the Court for judicial direction on the issue.

I note that Mr Payne has advised that Crayform Pty Ltd does not intend to participate in a dividend during the administration and would prefer that its debt be converted to equity.

#### **5.5.4 Related Entities - Current Directors – Debts Other Than Consulting Fees**

In addition to potential claims for consulting fees, current Directors of the Company (or their associated entities) appear to have claims which may be available to them with respect to expense reimbursements, loans and unpaid option exercise proceeds.

I note that Mr Payne has advised that he does not intend to participate in a dividend during the administration and would prefer that his debt be converted to equity.

These claims are discussed further at sections 3.7.5, 3.7.7 and 3.7.8 of this report.

#### **5.5.5 Obligations of PF1**

These claims appear to be liabilities owing by PF1, and not the Company.

### **6. Offences, Insolvent Trading and Voidable Transactions**

#### **6.1. Purpose of Investigation**

Pursuant to section 438D of the Act I am required to report to the ASIC as to the:

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

I will be lodging a report with ASIC pursuant to Section 438D of the Act in this regard. This report is subject to privilege and is not available to creditors.

An overview of investigations undertaken during the course of the administration is provided at section 2.3 of this report.

#### **6.2. Voidable Transactions**

Section 75-225(3)(b)(vi) of the IPRs requires an Administrator to specify in their report to creditors whether there are any transactions that appear to the Administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act. This issue is relevant to creditors of a company in administration if they are being asked by an administrator to decide whether to vote in favour of a proposed DOCA (if a DOCA is proposed) or instead, in favour of liquidation, because any voidable transactions can only be pursued by a liquidator in the event that the company goes into liquidation.

Further information about the types of transactions a Liquidator may seek to recover is provided in the Creditor Information Sheet located at **Annexure D**.

It is important to note that some categories of voidable transactions will only be voidable if they are found to have been entered into at a time when the Company was insolvent or the Company became insolvent as a result of entry into the transaction). Accordingly, in order for a liquidator to recover amounts in respect of these transactions, it would first be necessary to establish that the Company was in fact insolvent at the time of the transaction or



became insolvent as a result of entry into the transaction. Creditors are referred to section 6.3 of this report for further details with respect to the solvency of the Company.

Generally, actions by a Liquidator to recover voidable transactions are expensive and are likely to require Court applications, particularly in circumstances where such claims are disputed.

Due to the time constraints imposed by the VA regime, my investigations into potential voidable transactions are preliminary in nature. I have sought to make reasonable enquiries based on my assessment of the information available to me in order to ascertain what claims may be available in a liquidation scenario.

My preliminary investigations have not identified any transactions which I consider may be potentially voidable in a liquidation scenario.

**Creditors with any information that may assist in my investigations in relation to voidable transactions should contact my office immediately.**

### **6.3. Insolvent Trading**

Section 95A of the Act states 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.

A director of a company has a duty to prevent the company from incurring debt when the company is insolvent or there are reasonable grounds to suspect that the company is or would become insolvent.

Establishing insolvency is a complex matter which requires thorough and detailed investigation. In the time permitted, I have conducted preliminary investigations into the solvency of the Company as outlined below.

#### **6.3.1. Assessment of Indicators of Insolvency**

##### **6.3.1.1. Continued Losses from Trading**

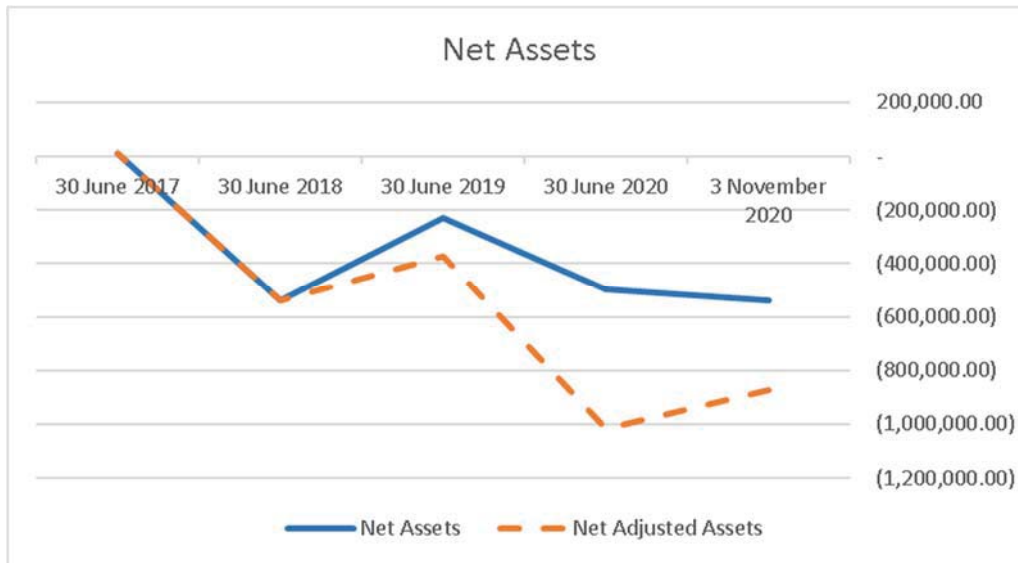
I refer to my comments at section 4.2 of this report. The Company incurred trading losses from the date of incorporation, through to the date of administration.

##### **6.3.1.2. Balance Sheet Test / Net Asset Deficiency**

The balance sheet test is commonly used in assessing a company's solvency, as it reviews whether a company has sufficient (realisable) assets to meet its liabilities.

I refer to my comments at section 4.3 of this report with respect to analysis of the Company's historical assets and liabilities.

For the purposes of assessing the solvency of the Company, shown below is both the Company's net asset position and the adjusted net asset position, in which I have adjusted the Company's balance sheet to remove the unrecoverable loan to PF1 and associated liability as discussed at section 5.1.2 of this report:

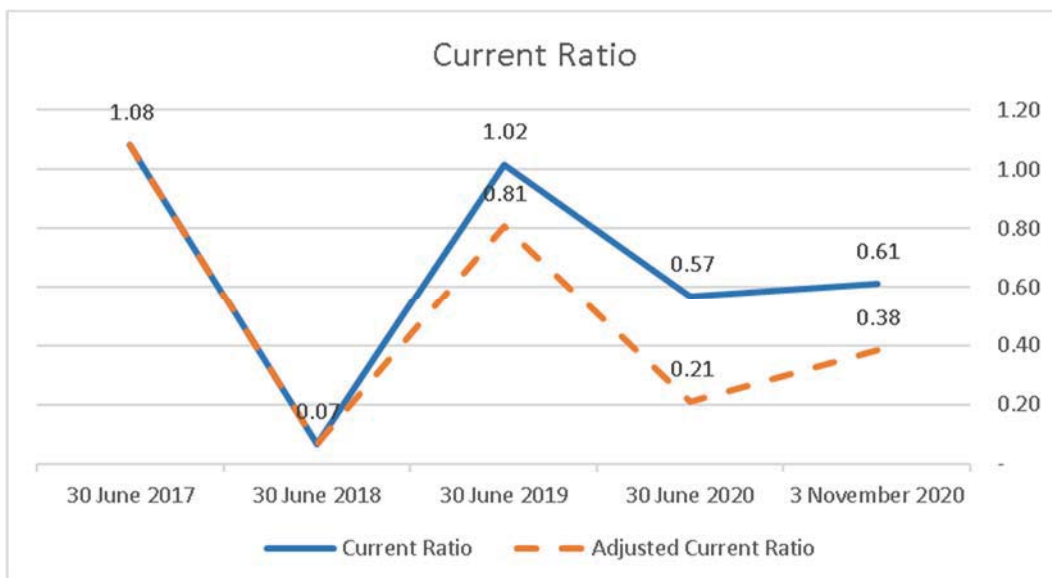


The analysis shows that the Company reported a net asset deficiency at each date observed between 30 June 2018 and 3 November 2020. The net asset position deteriorates further once the adjustments in respect of non-recoverable loan to PF1 and associated liability are taken into account.

### 6.3.1.3. Liquidity Ratios Less than 1.0

The current ratio is a liquidity ratio used to determine the ability of an entity to meet its current obligations. A current ratio of less than 1 is an indicator that an entity may be experiencing difficulties in paying its debts as and when they fall due, as short-term assets are insufficient to meet short term liabilities.

The Company's current ratio (and adjusted current ratio, which removes the unrecoverable loan to PF1 and associated liability as discussed at section 5.1.2 of this report) are analysed below:



Whilst the current ratio fell from 1.08 to 0.07 during the 2018FY, it rebounded to 1.02 as at 30 June 2019, before deteriorating to 0.61 at the date of my appointment. The improved ratio as at 30 June 2019 when compared to 30 June

2018 was driven primarily from the equity fundraising by the Company during the 2019FY, resulting in a material increase in cash at bank as at 30 June 2019, relative to current liabilities owed at that same date.

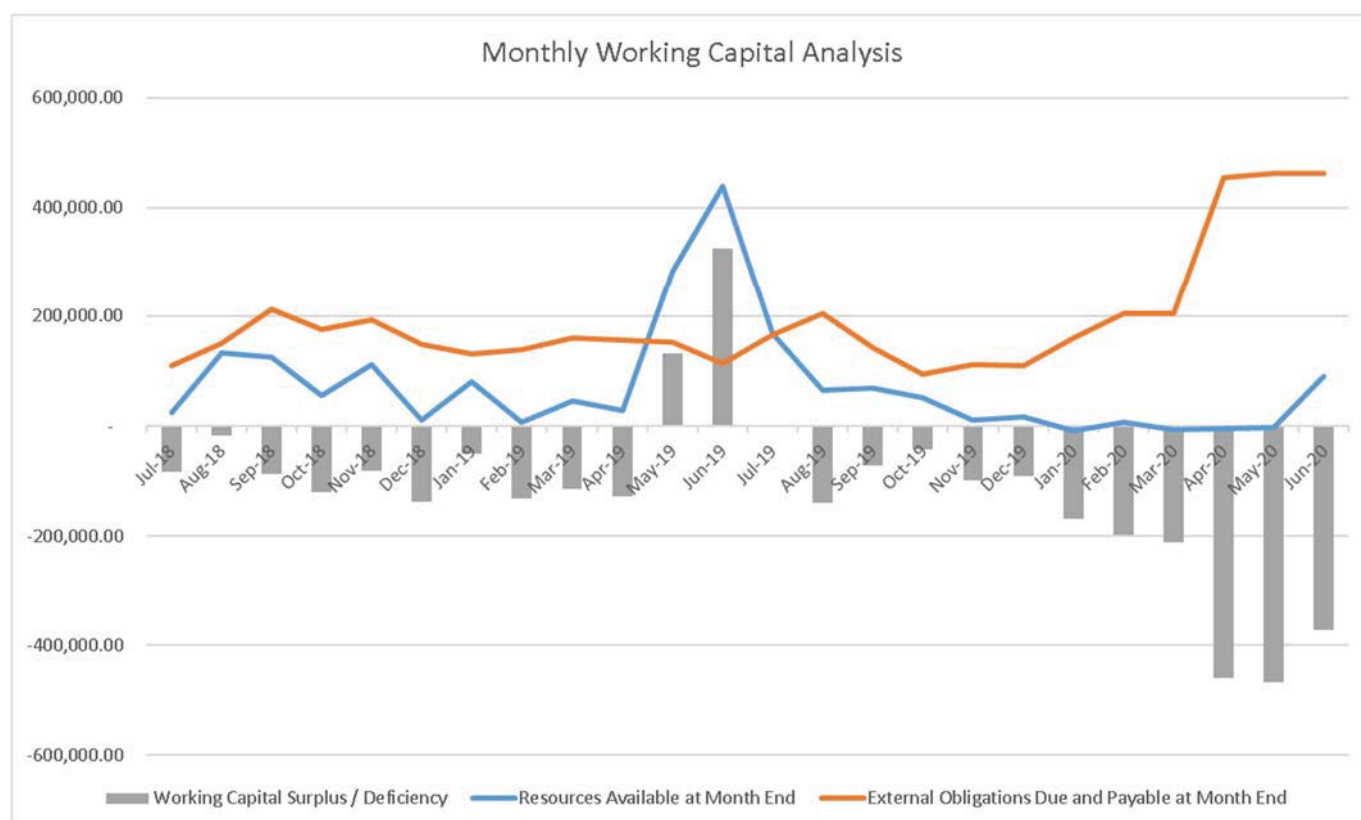
The adjusted current ratio suggests that the Company had insufficient realisable current assets to meet its liabilities at each date observed from 30 June 2018.

### 6.3.1.4. Working Capital Assessment

The primary test of solvency is a cash flow test, which considers the ability of a company to meet its debts as and when they fall due, from available resources.

I note that the Company does not appear to have maintained a cash flow forecast / budget.

For the purposes of assessing the Company’s solvency, I have analysed the Company’s working capital on a monthly basis over the period July 2018 to June 2020.



For the purposes of the above analysis:

- Resources available reflects cash at bank and realisable trade receivables which were considered readily available to the Company to meet its obligations. I note that the analysis does not factor in the proceeds from share subscriptions until such time as the proceeds were physically received by the Company; and
- External obligations reflect debts due and payable by the Company by reference to its management accounts and my preliminary investigations. I note that these obligations exclude:
  - Debts that were not due and payable at the date observed (for example, debts that were still within trading terms, or debts that had not been called in); and

- Director loans and other amounts payable to Directors or their associates (such as with respect to consulting fees).

Whilst the analysis for the period July 2018 to April 2019 suggests that the Company had a working capital deficiency, it is clear throughout the 2019FY that the Company was able to raise funds via additional share capital (a significant portion of which was received during May and June 2019 as noted below) and the issuance of convertible notes.

The significant improvement in the Company's working capital position during May 2019 and June 2019 is the result of proceeds received from the issuance of ordinary shares by the Company during the 2019FY. The funds raised do not appear to have been used to retire existing external obligations (that were considered as part of the above analysis), but rather, were applied against the following major items:

- Approximately \$304,000 was loaned to PF1 on 11 July 2019 to fund its exit costs from non-residential lending model;
- \$100,000 was paid to MPM on 13 August 2019 as a non-refundable deposit in connection with the MPM Acquisition Transaction as discussed at section 5.4.2 of this report; and
- \$157,000 was paid to Mr Simon Robinson (\$114,500 of which was paid by the Company), as part of a shareholder approved Company buy-back of Mr Robinson's shares pursuant to a Deed of Settlement and Release executed on 1 February 2019.

The significant deterioration in the Company's working capital position during April 2020 is attributable to the redemption of convertible notes with a face value of \$250,000.

The analysis suggests that the Company lacked the available resources to meet existing, external obligations due and payable from around July 2019.

#### 6.3.1.5. Creditor Ageing

A review of the Company's records identified unpaid liabilities owing by the Company at the date of administration which had been due and payable for some time prior to my appointment, as shown in the below table:

| Debts due to Unrelated Unsecured Creditors and Former Director Related Entities | Prior to July 2019 | Between July and September 2019 | Between October and December 2019 | Between January 2020 and March 2020 | After March 2020 | Total   |
|---|--------------------|---------------------------------|-----------------------------------|-------------------------------------|------------------|---------|
| Amount Outstanding (\$)   | 75,226             | -                               | 70,455                            | 408,490                             | 26,669           | 580,839 |
| Proportion  | 12.95%             | 0.00%                           | 12.13%                            | 70.33%                              | 4.59%            | 100.00% |

The Directors have suggested that the Company's creditors had continued to support the business via the provision of services and deferral of enforcement of debts due until late March 2020 and advised that no creditors at that time had commenced any action seeking payment of outstanding debts.

#### **6.3.1.6. Overdue Taxes and Statutory Liabilities**

Until around July 2019, the Company appears to have met its PAYG withholding obligations to the ATO as and when they fell due.

The Company appears to have failed to pay its PAYG withholding and SGC liabilities as they fell due between July 2019 and January 2020.

#### **6.3.1.7. Auditor's Report**

In the Company's General Purpose Financial Report for the 2018FY, dated 19 November 2019, the auditor stated:

*"We note that the Company's reliance on capital raising to fund operations gives rise to a material uncertainty which may cast doubt over its ability to continue as a going concern should the Company be unable to raise further funds."*

*"We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of \$1,185,014 during the year ended 30 June 2018 and, as of that date, the company's current liabilities exceeded its total assets by \$501,753. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c) indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter."*

#### **6.3.1.8. Ability to Raise Capital**

The inability of a Company to raise funds with a reasonable degree of certainty and within a relatively short period of time, is an indicator that a company may be insolvent.

I note the following in relation to the Company:

- The Company raised over \$380,000 in share capital between 1 July 2019 and the date of administration. This compares with \$1.3m raised over FY2019. This was not met with a proportionate reduction in expenses over the same period.
- The Company appears to have lacked sufficient working capital from as early as August 2019.
- The Company was unable to raise the funding required to meet its existing obligations to external parties, in addition to its commitment to the MPM Acquisition Transaction. Even if the prospective \$500,000 (referred to at section 3.4 above) had been made (rather than being withdrawn during February 2020), it is likely that that funding would have been insufficient to return the Company to solvency in the short to medium-term, without further funding being made available to the Company.

#### **6.3.2. Claim for Insolvent Trading**

Based on the above analysis, I am of the opinion that the Company may have been insolvent from as early as August 2019.

Pursuant to Sections 588G and 588M of the Act, a liquidator can recover from a director of a company, as a debt due to the company, compensation equal to the amount of the loss or damage suffered by the company after a time that it is shown that a reasonable person would have suspected that the company could not pay its debts as and when they fell due.

The debts incurred since the estimated date of insolvency are estimated as follows:

| Liabilities (excluding current Directors and associated entities)  | Estimated Amount (\$) |                |
|--|-----------------------|----------------|
|  | Low                   | High           |
| Estimated unpaid debts owing to external creditors at 3 November 2020  | 580,839               | 623,128        |
| <i>Less:</i> Liabilities associated with convertible notes (pre-existing obligation, incurred before estimated date of insolvency) | (271,096)             | (271,096)      |
| <i>Less:</i> Liabilities incurred between April 2020 and November 2020 (COVID-19 safe harbour provisions)                          | (11,806)              | (11,806)       |
| <i>Less:</i> Estimated unpaid debts owing to external creditors at 31 August 2019  | (75,226)              | (117,515)      |
| <b>Total potential insolvent trading claim</b>   | <b>223,122</b>        | <b>223,122</b> |

Given the time constraints of the VA regime, I have only been able to conduct preliminary investigations in respect of insolvent trading. Prior to pursuing a claim for insolvent trading, further detailed investigations by a liquidator, which would in all likelihood include obtaining independent legal advice and conducting public examinations of the Directors, would be required to be undertaken with regard to:

- The exact date of insolvency and quantum of any potential claim (see above);
- Any defences that may be available to the Directors (see section 6.3.2.1 below); and
- The ability of the Directors to meet a successful claim against them (see section 6.2.3.2 below).

I estimate that the costs which would be incurred in conducting investigations and subsequent recovery action in respect to insolvent trading are more likely than not to outweigh the proceeds recovered from such an action, as outlined in the following table:

|   | Successful (\$) |                  | Unsuccessful (\$) |                  |
|---|-----------------|------------------|-------------------|------------------|
|   | High            | Low              | High              | Low              |
| Gross estimated value of insolvent trading claim  | 223,122         | 223,122          | -                 | -                |
| <i>Less:</i> Estimated legal fees associated with public examinations                             | (50,000)        | (90,000)         | (50,000)          | (90,000)         |
| <i>Less:</i> Estimated expert report costs  | (40,000)        | (60,000)         | (40,000)          | (60,000)         |
| <i>Less:</i> Estimated legal fees associated with pursuing insolvent trading claim                | (50,000)        | (250,000)        | (50,000)          | (250,000)        |
| <i>Less:</i> Estimated Liquidator's remuneration associated with pursuing insolvent trading claim | (75,000)        | (150,000)        | (75,000)          | (150,000)        |
| <b>Total potential net recovery from / (cost of) pursuing an insolvent trading claim</b>          | <b>7,122</b>    | <b>(326,878)</b> | <b>(215,000)</b>  | <b>(550,000)</b> |

Given the above, for the purposes of this report, I estimate a nil net recovery from an insolvent trading claim in a liquidation scenario.

I refer creditors to my comments at section 6.5 of this report regarding further investigations.

### 6.3.2.1. Defences with respect to Insolvent Trading

I note that the Act affords a director of a company certain defences to an insolvent trading claim. A director may have several defences available, which are outlined as follows:

- the director had reasonable grounds to expect and did expect that the company was solvent and would remain so (Section 588H(2)); or
- the director had reasonable grounds to believe and did believe that a competent and reliable person was providing adequate information to the director and based on that information the director expected the company to be solvent and to remain so (Section 588H(3)); or
- the director did not take part in the management of the company at the time due to illness or other good reason (Section 588H (4)); or
- the director took reasonable steps to prevent the company from incurring the debt (Section 588H(5));

Relief from liability for insolvent trading also applies in circumstances where a debt is incurred:

- after 19 September 2017, and, among other things, the director starts to develop one or more courses of action that are reasonably likely to lead to a better outcome for the company (Section 588GA(1)) (safe harbour provisions); and / or
- between 25 March 2020 and 31 December 2020, in the ordinary course of a company's business (meaning that incurring the debt must be necessary to facilitate the continuation of the business) (Section 588GAA(1)) (COVID-19 safe harbour provisions).

The Directors have advised that:

- They took steps to obtain safe harbour advice;
- They had placed reliance on the equity subscription commitment of \$500,000 from a prospective investor based on repeated confirmations;
- The Company's creditors had continued to support the business via the provision of services and deferral of enforcement of debts due until late March 2020 and that no creditors at that time had commenced any action seeking payment of outstanding debts; and
- The Company had until late March 2020 continued to prosecute the MPM Acquisition Transaction and was in active discussions with several groups which had indicated interest in, and the capacity to, partner with the Company.

With the exception of the likely defence relating to the COVID-19 safe harbour provisions, I am not aware if any of the statutory defences are available in the event that an insolvent trading action is commenced by a Liquidator.

### **6.3.2.2. Directors' Personal Financial Position**

When a liquidator assesses the commercial merit of pursuing a claim, a key consideration is the capacity of the defending party to satisfy the claim.

I have sought to make reasonable enquiries to establish the Directors' capacity to satisfy a successful claim against them.

In considering the financial capacity of the Directors, I undertaken the following searches of public registers:

- Undertaken national searches to determine any possible real property interests held;
- Undertaken searches of State based and Federal unclaimed monies registers; and
- Undertaken directorship and private company shareholding searches to determine whether shares in private companies are held.

The results of the above searches are summarised as follows:

|                       | <b>Real Property</b> | <b>Private Shareholdings</b> | <b>Interest in Unclaimed Monies</b> |
|-----------------------|----------------------|------------------------------|-------------------------------------|
| Peter Julian Cossetto | No                   | Yes                          | No                                  |
| Leonard Ross McKinnon | No                   | No                           | Immaterial value                    |
| Rodney Rayden Payne   | No                   | Yes                          | Immaterial value                    |

I note that the Company had a directors & officers (“D&O”) insurance policy to 30 June 2019. No D&O policy was in place after 30 June 2019.

At present, it is unclear whether the Directors would have the ability to meet a claim against them. Further investigations into the ability of the Directors to meet a claim would need to be undertaken by a liquidator in a liquidation scenario before a claim was pursued. This would likely include a request that each Director complete a statement of personal assets and liabilities.

#### **6.4. Offences**

Based on my preliminary investigations, I have identified the following possible offences committed by the Directors:

- Section 588G(1)-(2) – Insolvent trading

I note that Directors owe duties to a company pursuant to Sections 180-184 of the Act. Those duties include a duty to act with care and diligence, in good faith and not to improperly use their position or information. My preliminary investigations have not identified sufficient evidence to support an allegation of any breaches of duties owed by the Directors pursuant to Sections 180-184 of the Act.

I note that further detailed investigation by a liquidator would be required to determine whether actual offences have been committed.

#### **6.5. Conducting Further Investigations and Possible Recovery Actions in a Liquidation Scenario**

Creditors should note that recovery actions:

- may be expensive, lengthy and have uncertain outcomes;
- should not be commenced unless defendants have the financial resources to satisfy any judgement;
- must be funded by existing assets, creditor funding or external litigation funders. Litigation funders are likely to require a significant share of the proceeds of any judgement as a condition of funding the litigation and are generally only available when claims exceed a certain value.

In the event that the Company is placed into liquidation at the upcoming meeting of creditors, I note it appears that the Company has sufficient funds to enable a liquidator to conduct further investigations in respect of the potential recoveries outlined above.

In the event the Company is placed into liquidation and I am appointed Liquidator, I anticipate that I would likely seek creditors’ views as to the extent of further investigation to be undertaken in respect of these matters, as the costs of those actions will be met from the Company’s assets. I consider that it is appropriate to consider creditors’ views in this regard as in the event that recoveries made (if any) do not cover the costs of conducting those investigations, the pool of funds available to distribute to creditors will be reduced.



Should the Company be placed into liquidation at the upcoming meeting of creditors and I am appointed Liquidator, I request that creditors contact my office within fourteen (14) days of the date of the meeting to express their views as to whether further investigations should be undertaken in this regard.

I also note that in the event the Company is placed into liquidation, a liquidator has the ability to assign any right to sue that is conferred upon the Liquidator by the Act under Section 100-5 of *Schedule 2 - Insolvency Practice Schedule (Corporations)*. In the event the Company is placed into liquidation and I am appointed Liquidator, I request that creditors interested in taking an assignment of any such action contact my office within fourteen (14) days of the date of the meeting.

## 7. Deed of Company Arrangement

On 23 November 2020, I received proposals for a DOCA from the following parties:

- Leonard McKinnon and Peter Cossetto (“the McKinnon and Cossetto DOCA Proposal”); and
- Rous Investments Pty Ltd ATF the Rous Investments Trust, Remara Capital Pty Ltd and Hargreaves Singapore Pte Ltd (“the RRH DOCA Proposal”).

My analysis of the DOCA proposals is provided below.

I note that a DOCA shall contain such other terms and conditions as the Administrator may be advised, by a qualified legal advisor with experience and expertise in the preparation of DOCAs, to include in the DOCA for the better protection of those receiving distribution under the DOCA, provided such provisions do not conflict with any provision of the Proposal.

The matters to be addressed by such provisions may include, without limitation:

- Restrictions on dealing with Company property other than in the ordinary course of business;
- Provision for the replacement of the Deed Administrator;
- Restrictions on the appointment of other external administrators;
- Provisions regarding default and termination;
- Provision for liens over the DOCA Fund and the property of the Company in favour of the Administrator and Deed Administrator; and
- Provisions requiring the proponent and the Company to provide ongoing assistance and information to the Deed Administrator.

### 7.1. The McKinnon and Cossetto DOCA Proposal

A summary of the McKinnon and Cossetto DOCA Proposal is provided below.

| DOCA Proposal | Administrator's Comments |  |
|---------------|--------------------------|--|
| Key features  | Control of the Company   | Will be retained by the Deed Administrator until effectuation of the DOCA. |
|               | DOCA Administrator       | Chad Rapsey  |
|               | DOCA Fund                | All cash at bank of the Company as at the date of execution of the DOCA.   |
|               | Secured creditors        | N/A as the Company has no secured creditors.                               |

|   |   |  |
|---|---|--|
|   | Employee entitlements   | Will be treated with the same priority as they would in a liquidation scenario, however, I note I am not aware of any such claims.   |
|   | Unsecured creditors   | <ul style="list-style-type: none"> <li>• All unsecured participating creditors of the Company must accept their entitlement under the DOCA in full settlement of all claims against the Company as at 3 November 2020.</li> <li>• There will be a moratorium on debts incurred prior to the appointment of the Administrator for the term of the DOCA.</li> <li>• All debts incurred prior to the appointment of the Administrator will be released and discharged automatically upon effectuation of the DOCA (with the exception of the non-participating creditors).</li> </ul> |
|   | Distribution of Deed Fund   | <p>The proceeds realised during the DOCA will be applied in accordance with Section 556 the Act (as if the Company were in liquidation and the Deed Administrator was the liquidator of the Company).</p> <p>All admitted unsecured creditors (other than priority creditors or non-participating creditors) rank equally for the purposes of a dividend.</p>  |
| Monitoring and reporting arrangements   | None required   |  |
| Related party claims  | <p>The following creditors will be non-participating creditors:</p> <ul style="list-style-type: none"> <li>• Lenross Financial Group Pty Ltd; and</li> <li>• Peter Cossetto's claim will be: <ul style="list-style-type: none"> <li>○ Non-participating to the extent of his claims in respect of unpaid expense reimbursements and outstanding amounts in relation to the share buy-back;</li> <li>○ Participating with respect to his claim in respect of unpaid consultancy fees, unless the pool of funds available for distribution to unsecured creditors is less than \$60,000.</li> </ul> </li> </ul> <p>The claims by non-participating creditors will not be extinguished or affected by the effectuation of the DOCA. This means that those claims will remain obligations of the Company post-effectuation of the DOCA.</p> |  |
| Guaranteed creditors  | I am not aware of any creditors of the Company that hold personal guarantees against the Directors. Creditors holding guarantees which are not disclosed in this report are requested to contact my office to provide details as soon as possible.  |  |
| Remuneration of the Administrator / DOCA Administrator  | The Administrator's and Deed Administrator's remuneration are proposed to be fixed on a time cost basis in accordance with the Remuneration Approval Report included at <b>Annexure F</b> .   |  |
| Estimated return to creditors and likely timing of the return to creditors from the proposed Deed | <p>Please refer to section 8 of this report for details of the estimated returns to creditors.</p> <p>A dividend to admitted unsecured creditors is expected to be paid within three (3) months of execution of the DOCA.</p> <p>The DOCA is expected to provide a better return to creditors than a liquidation scenario primarily due to the withdrawal of non-participating creditor claims.</p>   |  |

## 7.2. The RRH DOCA Proposal

A summary of the RRH DOCA Proposal is provided below.

| DOCA Proposal                         | Administrator's Comments  |   |
|---------------------------------------|---------------------------|---|
| Key features                          | Control of the Company    | <p>Will be retained by the Deed Administrator until effectuation of the DOCA.</p> <p>Immediately prior to, and as a condition precedent for, effectuation of the DOCA:</p> <ul style="list-style-type: none"> <li>• Mr McKinnon and Mr Cossetto are to be removed as Directors of the Company; and</li> <li>• Simon Courtney Robinson and an additional director as nominated by the Proponents will be appointed as Directors.</li> </ul> <p>Upon effectuation of the DOCA, control of the Company will revert to the newly formed Board.</p>  |
|                                       | DOCA Administrator        | It is anticipated that Chad Rapsey would act as Deed Administrator (see section 444A(2) of the Act).  |
|                                       | DOCA Fund                 | <p>All assets of the Company as at 3 November 2020.</p> <p>Any intercompany receivable that is not recovered prior to effectuation of the DOCA will be preserved.</p>   |
|                                       | Secured creditors         | N/A as the Company has no secured creditors.  |
|                                       | Employee entitlements     | Will be treated with the same priority as they would in a liquidation scenario, however, I note I am not aware of any such claims.  |
|                                       | Unsecured creditors       | <ul style="list-style-type: none"> <li>• The DOCA proponents will not participate as creditors in the Deed Fund however this does not prejudice their position to vote on the DOCA or any subsequent variations.</li> <li>• All unsecured creditors of the Company must accept their entitlement under the DOCA in full settlement of all claims against the Company as at 3 November 2020.</li> <li>• There will be a moratorium on debts incurred prior to the appointment of the Administrator for the term of the DOCA.</li> <li>• All debts incurred prior to the appointment of the Administrator will be released and discharged automatically upon effectuation of the DOCA.</li> </ul> |
|                                       | Distribution of Deed Fund | <p>The proceeds realised during the DOCA will be applied in accordance with Section 556 the Act (as if the Company were in liquidation and the Deed Administrator was the liquidator of the Company).</p> <p>All admitted unsecured creditors (other than priority creditors or non-participating creditors) rank equally for the purposes of a dividend.</p>   |
|                                       | Share issue               | The DOCA proponents are to be issued 300,000,000 ordinary shares in AMFL by the Deed Administrator immediately prior to effectuation  |
| Monitoring and reporting arrangements | None required             |   |

|   |  |
|---|--|
| Related party claims  | <p>The following creditors will be non-participating creditors to the extent of any unpaid consulting fees, which will be converted into ordinary shares in the Company at the rate of \$0.63 per share:</p> <ul style="list-style-type: none"> <li>• Peter Cossetto;</li> <li>• Leonard McKinnon;</li> <li>• Rodney Payne;</li> <li>• Crayform Pty Ltd; and</li> <li>• Lenross Financial Group Pty Ltd.</li> </ul> <p>Related parties can claim for other amounts legitimately owing (but not consulting fees).</p> |
| Guaranteed creditors  | I am not aware of any creditors of the Company that hold personal guarantees against the proposed Directors. Creditors holding guarantees which are not disclosed in this report are requested to contact my office to provide details as soon as possible.  |
| Remuneration of the Administrator / DOCA Administrator  | <p>It is proposed that the remuneration of the Administrator/DOCA Administrator be capped in the amount of \$60,000. I am not agreeable to this aspect of the proposal and intend to communicate further with the Proponent about this issue prior to the second meeting.</p> <p>I propose that the Administrator's and Deed Administrator's remuneration are proposed to be fixed on a time cost basis in accordance with the Remuneration Approval Report included at <b>Annexure F</b>.</p>                       |
| Estimated return to creditors and likely timing of the return to creditors from the proposed Deed | <p>Please refer to section 8 of this report for details of the estimated returns to creditors.</p> <p>A dividend to admitted unsecured creditors is expected to be paid within three (3) months of execution of the DOCA.</p> <p>The DOCA is expected to provide a better return to creditors than a liquidation scenario primarily due to the withdrawal of non-participating creditor claims.</p>  |

## 8. Estimated Return to Creditors

The calculation of the estimated return to creditors under the DOCA and liquidation scenarios is included at **Annexure E**, and summarised below:

|   | Liquidation |         | McKinnon and Cossetto DOCA Proposal |          | RRH DOCA Proposal |          |
|---|-------------|---------|-------------------------------------|----------|-------------------|----------|
|   | High        | Low     | High                                | Low      | High              | Low      |
| Estimated return to ordinary unsecured creditors                                  | 9.6c/\$     | 8.4c/\$ | 14.6c/\$                            | 12.9c/\$ | 43.1c/\$          | 34.6c/\$ |
| Estimated timing of final dividend to creditors (from date of liquidation / DOCA) | 2-3 months  |         |                                     |          |                   |          |

Creditors should note that the figures contained in the above tables are **estimates** only. The calculation, estimated return and timing of that return may change due to a number of factors such as:

- The final amount claimed by creditors once proofs of debt are received and adjudicated upon;

- The value of assets ultimately realised (for example, debtors failing to pay due to disputes or on other grounds);
- Costs of litigation (for example, in recovering assets, debtors and voidable transactions, Court application costs);
- Costs of the administration increasing resulting from additional issues arising.

## 9. Administrator's Recommendation

Creditors are required to vote on one (1) of three (3) motions relating to the Company's future.

Pursuant to Section 72-225(b)(i) – (iv) of the IPRs, I am obliged to provide a statement detailing my opinion on these resolutions and, in particular, whether it would be in creditors interests that:

- the Administration end; or
- the Company execute a DOCA; or
- the Company be wound up.

The Administrator or creditors (by resolution) may adjourn the meeting for up to forty-five (45) business days.

For each of the alternatives, I provide my opinion as follows:

### 9.1. Adjournment of Meeting / Application for Judicial Guidance

My assessment of whether various related parties are entitled to be treated as creditors for unpaid consulting fees has become essential in assessing the merits of the DOCA proposals. Similarly, my admission of such creditors (or not) for voting purposes seems likely to be determinative, or potentially determinative, of which proposal (if any) is successful.

The major benefit of the McKinnon and Cossetto Proposal is that the proponents will not participate for a dividend in that DOCA to a certain extent. Obviously, if the claims of these parties for consulting fees are not valid, this is not a real benefit.

The RRH Proposal similarly seeks to exclude certain related parties from participating in the DOCA for unpaid consulting fees, however, not on a voluntary basis. If these related parties are properly to be treated as creditors, I am concerned that such treatment on a differential basis is unfairly prejudicial. As was confirmed by the Court in *Molit (No 55) Pty Ltd (ACN 008 214 739) v Lam Soon Australia Pty Ltd (Administrator Appointed) (ACN 008 273 069)* [1996] FCA 58 (for example), differential treatment of creditors under a DOCA can be appropriate in certain circumstances, however, I am not satisfied that this is such a circumstance if the relevant related parties are genuine creditors.

I have given careful consideration to whether the relevant related parties ought to be treated as creditors for their unpaid consulting fees. I have received legal advice about this issue and undertaken enquiries of various parties. Having regard to my own views and the legal advice I have received, it is my view that it is appropriate for the relevant related parties to be treated as creditors.

However, given the critical nature of that assessment, both in terms of voting entitlements and the assessment of competing DOCA, and the contentiousness of the issue, I consider it to be appropriate to seek judicial directions under section 90-15 of the *Insolvency Practice Schedule (Corporations)* (s 90-15) as to whether the relevant consultants should be treated as creditors of the company in this administration in respect of their unpaid consulting fees.

Courts have confirmed that an administrator may obtain directions about a matter arising in connection with the performance or exercise of an administrator's functions or powers under section 90-15(c): *Reidy, in the matter of e Choice Limited (Administrators Appointed) [2017] FCA 1582*.

Further, an application of the kind referred to above would allow me to serve the interested parties who could be given an opportunity to advance their respective cases in relation to the consulting fees, allowing the administrator to take a relatively neutral stance on the issue. It would also be my intention to proceed in this way to minimise the legal costs of the administrator.

Under section 75-140(1) and (3), the second meeting of creditors can be adjourned for up to 45 business days. It is therefore my intention to exercise my power as the person presiding at the second meeting of creditors to adjourn that meeting in this way. It would be my intention to seek for the judicial directions application to be filed, heard and, if possible, determined within the 45 business days. If it is not possible for this to occur, noting that the timing of determination would be a matter for the Court, it may also be appropriate and/or necessary for me to seek an order extending the convening period and/or the time within which the adjourned second meeting of creditors may be held.

Further, in circumstances where the Company is not trading, the delay occasioned by the adjournment will not result in the incurrence of additional trading costs, nor should it pose any material prejudice to the efficient conduct of the administration. To the contrary, the earliest possible and most certain resolution of the issue of consulting fees seems to me to be the most efficient way for the administration process to be brought to a close.

## **9.2. Administration to End**

Creditors may resolve that the administration should end if it appears the Company is solvent or, for some other reason, control of the Company should revert to the Directors.

Based on my preliminary investigations, the Company is insolvent. There appears to be no valid commercial reason why control of the Company should revert to the Directors.

Therefore, it **is not my opinion** that the Administration should end.

## **9.3. Company to Execute a Deed of Company Arrangement**

### **9.3.1. McKinnon and Cossetto DOCA Proposal**

Subject to any adjournment and any directions of the Court contrary to my views expressed in this report about related-party claims for consulting fees, **it is my opinion** that creditors should resolve that the McKinnon and Cossetto Proposal be executed for the following reasons:

- Notwithstanding that the non-participating claims are not extinguished or affected by effectuation of the DOCA, the DOCA satisfies the objectives under s435A of the Act in that:
  - It maximises the chances of the Company continuing in existence; and
  - As noted above, it is my view that the claims by current Directors (or their associates) for consulting fees appear to be valid. The McKinnon and Cossetto DOCA Proposal provides for equal treatment of participating creditors and provides for a greater return to creditors than a liquidation scenario.

### 9.3.2. RRH DOCA Proposal

**It is not my opinion** that creditors should resolve that the RRH DOCA Proposal be executed as whilst the cents in the dollar return to participating creditors is greater under the RRH DOCA Proposal when compared against the liquidation and McKinnon and Cossetto DOCA Proposal scenarios, the RRH DOCA Proposal seeks to exclude certain related parties from participating in the DOCA for unpaid consulting fees without their consent. As noted above, I am concerned that the differential treatment of creditors may be unfairly prejudicial, in circumstances where those claims appear to be valid.

### 9.4. Company to be Wound Up

A winding up will allow the appointed liquidator to conduct further investigations in relation to the affairs of the Company and pursue recoveries available under Section 5.7B of the Act, if appropriate.

**It is not my opinion** that the Company should be wound up for the following reasons:

- Two (2) proposals for a DOCA have been received which provide for a greater return to creditors than an immediate winding up; and
- My preliminary investigations have not identified any misconduct which I consider requires further scrutiny, nor have I identified any voidable transaction or insolvent trading recoveries available to Liquidator that are likely to provide a material benefit to creditors.

If creditors resolve to pursue this course of action, I, Chad Rapsey, will be seeking to be appointed as Liquidator.

### 10. Remuneration

At the forthcoming meeting, creditors will be asked to consider and approve the remuneration of the Administrator and the future remuneration of the Deed and Administrator or Liquidator, if appointed.

Please refer to my Remuneration Approval Report at **Annexure F** for details of the key tasks undertaken or proposed to be undertaken for the above periods.

My remuneration can only be fixed by resolution of a COI (if appointed), the Company's creditors, or by application to the Court. In accordance with IPR 70-35 and the ARITA Code of Professional Practice, an Initial Remuneration Notice was provided to creditors with my initial communication and tabled at the First Meeting of Creditors.

ARITA has issued an information sheet titled "Approving remuneration in external administrations" which provides general information for creditors on the approval of an Administrator's fees in a liquidation, a voluntary administration or a DOCA. This information sheet is available from the ARITA website ([www.arita.com.au](http://www.arita.com.au)).

### 11. Receipts and Payments

A summary of receipts and payments since my appointment is included as **Annexure G**. Creditors are advised:

- Pursuant to Section 70-5 of Schedule 2 to the Act – an Annual Administration Return will be lodged with ASIC within three (3) months of each anniversary of my appointment; and
- Pursuant to Section 70-6 of Schedule 2 to the Act – an End of Administration Return will be lodged with ASIC within one (1) month of the finalisation of the external administration.

## 12. Disclaimer

This report has been prepared from the books and records of the Company in my possession and other information provided by the Directors.

In these circumstances creditors must appreciate the limitations in the information provided. Whilst I have used my best endeavours, I am unable to warrant the accuracy, completeness or reliability of the information provided. The statement of financial position recorded earlier in this report and the commentary regarding potential dividends to creditors is an estimate only based on information available at the date of this report.

Many factors affect the estimated outcome to creditors. The data used in this report may change as further information becomes available and after all matters in the administration are finalised.

If there is any additional material information received in the administration then it will be presented to creditors as soon as practicable.

Should creditors have any queries, please do not hesitate to contact Daniel Hoawerth on (02) 4926 8800 or email [DanielH@rgia.com.au](mailto:DanielH@rgia.com.au).

Yours faithfully



**Administrator**



# ANNEXURE A

---

Notice of Meeting

**NOTICE OF MEETING OF CREDITORS OF COMPANY  
AUSTRALASIAN MORTGAGE FINANCE LIMITED (Administrator Appointed)  
ACN 615 711 772  
(the "Company")**

Notice is given that a meeting of the creditors of the Company will be held as follows:

**Date:** 8 December 2020  
**Time:** 2:00PM  
**Place:** Rapsey Griffiths Turnaround + Insolvency, Level 5, 55-57 Hunter Street NEWCASTLE NSW 2300

**As a result of the current restrictions in place and the effects of COVID-19, the meeting will proceed by electronic means only and there will be no option for creditors to attend the meeting in person. Teleconference facilities will be in place and you will need to contact my office by 4:00pm on Monday, 7 December 2020 to advise of your attendance and to obtain details to access the meeting.**

**Agenda**

The purpose of the meeting is to:

1. Consider the report and statement of the Administrator and any other matters raised relating to the Company's future and then to resolve either that:
  - a) the Company execute a deed of company arrangement; or
  - b) the administration should end; or
  - c) the Company be wound up; or
  - d) the meeting be adjourned.
2. Consider and if thought fit determine the remuneration of the Administrator.
3. If the Company executes a deed of company arrangement:
  - a) to determine the remuneration of the Deed Administrator; and
  - b) to consider the appointment of a Committee of Inspection.
4. If the Company is wound up:
  - a) to determine the remuneration of the Liquidator;
  - b) to consider the appointment of a Committee of Inspection; and
  - c) to consider authorising the Liquidator to dispose of the books and records of the Company after finalisation, subject to obtaining ASIC approval.
5. To discuss any other relevant business which may arise.

**Attending and voting at the meeting**

Creditors are invited to attend the meeting, however they are not entitled to participate and vote at a meeting unless:

- **Proof of debt** (included at **Annexure B**): They have lodged with the Administrator particulars of the debt or claim and the claim has been admitted, wholly or in part, by the Administrator. If a proof of debt has already been lodged, they do not need to do so again. Refer to Note 1 for further guidance on entitlement to vote.

- **Proxies or attendance** (included at **Annexure C**): They are either present in person or by electronic facilities (if being made available) or validly represented by proxy, attorney or an authorised person under s250D of the Corporations Act. If a corporate creditor or represented, a proxy form, power of attorney or evidence of appointment of a company representative pursuant to Section 250D of the Corporations Act 2001 (“the Act”) must be validly completed and provided to the Administrator at or before the meeting].

A proxy is only valid for a particular meeting.

To enable sufficient time to review, proofs of debt and proxies (or document authorising the representation) should be submitted to Daniel Hoawerth at [DanielH@rgia.com.au](mailto:DanielH@rgia.com.au) or by post by no later than 4:00pm on the business day prior to the meeting. If you choose to return these documents by post, please allow sufficient time for the documents to be received prior to the due date.

### **Electronic facilities**

Teleconference facilities will be made available at the meeting. To access those facilities, you need to provide a statement by email to Daniel Hoawerth at [DanielH@rgia.com.au](mailto:DanielH@rgia.com.au), not later than 2 business days before the meeting which sets out:

- **Name:** The name of the person and of the proxy or attorney (if any)
- **Address:** An address to which notices to the person, proxy or attorney may be sent
- **Contact:** The method of contacting the person, proxy or attorney for the purposes of the meeting.

On receipt of this statement, you will be provided with instructions on how to access the facilities for the meeting.

### **Participating at the meeting**

The virtual meeting will be held via teleconference and will enable all participants a reasonable opportunity to participate in a vote taken at the meeting, and to ask questions, without being physically present, at the appropriate time when prompted by the administrator.

All voting will be taken on a poll in accordance with the *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020*. This means that, to calculate the outcome of each resolution to be voted on, the administrator must calculate the number and dollar value of each vote in favour together with the number and dollar value of each vote against. A resolution is taken to have passed if a majority in both number and dollar value have voted in favour.

Any queries should be directed to Daniel Hoawerth at [DanielH@rgia.com.au](mailto:DanielH@rgia.com.au) or (02) 4926 8800.

Dated 30 November 2020



### **Administrator**

Rapsey Griffiths Turnaround + Insolvency, Level 5, 55-57 Hunter Street NEWCASTLE NSW 2300

**Note 1: Entitlement to vote and completing proofs**

**IPR (Corp) 75 85 Entitlement to vote at meetings of creditors**

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
  - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
  - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
    - (i) those particulars; or
    - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
  - (a) an unliquidated debt; or
  - (b) a contingent debt; or
  - (c) an unliquidated or a contingent claim; or
  - (d) a debt the value of which is not established; unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
  - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
  - (b) estimate its value;
  - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
  - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
  - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
  - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

**IPR (Corp) 75-110 Voting on resolutions**

- (1) For the purposes of determining whether a resolution is passed at a meeting of creditors of a company, the value of a creditor of the company who:
  - (a) is a related creditor (within the meaning of subsection 75-41(4) of the Insolvency Practice Schedule (Corporations)), for the purposes of the vote, in relation to the company; and
  - (b) has been assigned a debt; and
  - (c) is present at the meeting personally, by telephone, by proxy or attorney; and
  - (d) is voting on the resolution;is to be worked out by taking the value of the assigned debt to be equal to the value of the consideration that the related creditor gave for the assignment of the debt.

# ANNEXURE B

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Form 535 – Formal Proof of Debt or Claim

**FORM 535 – FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)**Subregulation 5.6.49(2) -  
Corporations Act 2001AUSTRALASIAN MORTGAGE FINANCE LIMITED (Administrator Appointed)  
ACN 615 711 772 ("the Company")**PART A – INSTRUCTIONS**

This form provides information about what you believe the Company owes you as a creditor.

Please complete Parts B and C of this document and return to the Administrator with any documents to support your debt.

**PART B – CREDITOR INFORMATION / DETAILS OF DEBT**

1. This is to state that the Company was, on 3 November 2020 and still is, justly and truly indebted to the creditor named below for the amount stated below:

Name of Creditor \_\_\_\_\_

Address of Creditor \_\_\_\_\_

Contact Name \_\_\_\_\_ Telephone No \_\_\_\_\_

Email Address \_\_\_\_\_ Amount of Debt (\$) \_\_\_\_\_

I nominate to receive any future reports and correspondence office via email to the above email address  Yes  NoPlease confirm whether you are a related creditor of the Company. If yes, provide details of the relationship below.  Yes  No**Particulars of the debt are:**

| Date | Consideration (state how the debt arose e.g. goods / services provided, type of entitlement, loan etc.) | Amount (\$) | GST (\$) | Remarks (include details of vouchers substantiating payment) |
|------|---|-------------|----------|--|
|      |   |             |          |  |
|      |   |             |          |  |
|      |   |             |          |  |

I have attached the following documents in support of the above claim (tick all of the relevant boxes that apply):

|                             |                          |                          |                          |                     |                          |
|-----------------------------|--------------------------|--------------------------|--------------------------|---------------------|--------------------------|
| Invoice/s                   | <input type="checkbox"/> | Statement/s              | <input type="checkbox"/> | Guarantee/s         | <input type="checkbox"/> |
| Credit / Supply agreement/s | <input type="checkbox"/> | Loan / other agreement/s | <input type="checkbox"/> | Security document/s | <input type="checkbox"/> |
| Itemised calculations       | <input type="checkbox"/> | Judgement/s              | <input type="checkbox"/> | Other evidence      | <input type="checkbox"/> |

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following: (Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a separate schedule setting out the date, drawer, acceptor, amount and due date).

3. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied. Tick the applicable box sets out your authority to complete/execute this document on behalf of the creditor (only one box in Part C below).

**PART C – AUTHORITY****Basis of Authority to Complete/Execute this Document (tick one)**I am employed by the creditor and authorised in writing by the creditor to make this statement. I am the creditor's agent authorised in writing to make this statement in writing. I am the creditor personally 

Signature \_\_\_\_\_ Date Signed \_\_\_\_\_

NAME IN BLOCK LETTERS \_\_\_\_\_ Position \_\_\_\_\_

If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure. An annexure to a form must have an identifying mark; be endorsed with the words "This is the annexure of (insert number of pages) pages marked (insert an identifying mark) referred to in the (insert description of form) signed by me/us and dated (insert date of signing); and be signed by each person signing the form to which the document is annexed. The pages in an annexure must be numbered consecutively. If a form has a document annexed the following particulars of the annexure must be written on the form: the identifying mark; and the number of pages. A reference to an annexure includes a document that is with a form

# ANNEXURE C

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Appointment of Proxy

# APPOINTMENT OF PROXY

Insolvency Practice Rules, 75-25 - Corporations Act 2001

AUSTRALASIAN MORTGAGE FINANCE LIMITED (Administrator Appointed)  
ACN 615 711 772 ("the Company")

## PART A – INSTRUCTIONS

This form enables you to appoint a representative to attend the below meeting on your behalf. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised. A proxy is required for any corporate creditor wishing to participate in the meeting.

Please complete Parts B, C, D and E of this document and return to my office by no later than 4:00pm on the business day prior to the meeting. You must also ensure that you have also submitted a proof of debt (which is included at **Annexure B** of the report to creditors dated 30 November 2020.) with any documents to support your debt. Your claim against the Company must be admitted for the purposes of voting by the Administrator for your vote to count.

## PART B – CREDITOR'S DETAILS

Name of Creditor \_\_\_\_\_

Address of Creditor \_\_\_\_\_

Contact Name \_\_\_\_\_ Telephone No \_\_\_\_\_

Email Address \_\_\_\_\_

## PART C – APPOINTMENT OF PROXY

I/We, a creditor of the Company hereby appoint \_\_\_\_\_ or in his/her absence \_\_\_\_\_ as my/our proxy to vote at the below meeting of creditors of the Company, or at any adjournment of same:

Meeting Date: 8 December 2020

Meeting Time 2:00PM

Meeting Address: Rapsey Griffiths Turnaround + Insolvency, Level 5, 55-57 Hunter Street, NEWCASTLE NSW 2300

## PART D – VOTING (TICK ONLY ONE BOX - EITHER GENERAL OR SPECIFIC)

This proxy is to be used as a **General Proxy** to vote on all matters arising at the meeting.

**OR**

This proxy is to be used as a **Specific Proxy** to vote on the following matters as specifically indicated below. The proxy is authorised to vote as a general proxy on resolutions other than those specified below.

| # | Resolution   | For                      | Against                  | Abstain                  |
|---|--|--------------------------|--------------------------|--------------------------|
| 1 | <i>"That the remuneration of the Administrator, their partners and staff, for the period from 3 November 2020 to 29 November 2020, calculated at the hours spent at the rates detailed in the Initial Remuneration Notice dated 5 November 2020, is approved for payment in the amount of \$51,217.65, exclusive of GST, to be drawn from available funds immediately or as funds become available."</i>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | <i>"That the future remuneration of the Administrator for the period from 30 November 2020 to 8 December 2020, is determined at a sum equal to the cost of time spent by the Administrator and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 5 November 2020, up to a capped amount of \$13,782.35 exclusive of GST, and that the Administrator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available."</i>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | <i>"That, pursuant to Section 439C of the Corporations Act 2001, the Company execute the Deed of Company Arrangement proposed by Mr Leonard McKinnon and Mr Peter Cossetto as detailed in the Administrator's report to creditors dated 30 November 2020."</i>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | <i>"That, pursuant to Section 439C of the Corporations Act 2001, the Company execute the Deed of Company Arrangement proposed by Rous Investments Pty Ltd ATF the Rous Investments Trust, Remara Capital Pty Ltd and Hargreaves Singapore Pte Ltd as detailed in the Administrator's report to creditors dated 30 November 2020."</i>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | <b>Should creditors resolve for the Company to execute a DOCA</b><br><i>"That the future remuneration of the Administrator for the period from 9 December 2020 to the date of execution of the DOCA, is determined at a sum equal to the cost of time spent by the Administrator and his and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 5 November 2020, up to a capped amount of \$5,000.00 exclusive of GST, and that the Administrator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available."</i>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | <b>Should creditors resolve for the Company to execute the DOCA proposed by Mr Leonard McKinnon and Mr Peter Cossetto</b><br><i>"That the future remuneration of the Deed Administrator for the period from the date of execution of DOCA to its completion, is determined at a sum equal to the cost of time spent by the Deed Administrator and his partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 5 November 2020, up to a capped amount of \$17,500.00 exclusive of GST, and that the Deed Administrator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



|    |  |                          |                          |                          |
|----|--|--------------------------|--------------------------|--------------------------|
| 7  | <p><b>Should creditors resolve for the Company to execute the DOCA proposed by Rous Investments Pty Ltd ATF the Rous Investments Trust, Remara Capital Pty Ltd and Hargreaves Singapore Pte Ltd</b></p> <p><i>“That the future remuneration of the Deed Administrator for the period from the date of execution of DOCA to its completion, is determined at a sum equal to the cost of time spent by the Deed Administrator and his partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 5 November 2020, up to a capped amount of \$20,000.00 exclusive of GST, and that the Deed Administrator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.”</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8  | <p><b>Should creditors resolve for the Company to execute a DOCA</b></p> <p><i>“That a Committee of Inspection be established for the Deed of Company Arrangement and the appointed members will be (list names):</i></p> <p>_____</p> <p>_____</p> <p>_____</p>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9  | <i>“That the Company be wound up.”</i>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10 | <p><b>Should creditors resolve that the Company be wound up</b></p> <p><i>“That the future remuneration of the Liquidator for the period from the commencement of the liquidation to its completion, is determined at a sum equal to the cost of time spent by the Liquidator and his partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 5 November 2020, up to a capped amount of \$20,000.00 exclusive of GST, and that the Liquidator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.”</i></p>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11 | <p><b>Should creditors resolve that the Company be wound up</b></p> <p><i>“That a Committee of Inspection be established for the Company and the appointed members will be (list names):</i></p> <p>_____</p> <p>_____</p> <p>_____</p>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12 | <p><b>Should creditors resolve that the Company be wound up</b></p> <p><i>“That the creditors direct the Liquidator to apply to ASIC when appropriate or upon finalisation of the liquidation for consent to destroy books within the retention period in accordance with IPS 70-35.”</i></p>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13 | <i>“That the administration end.”</i>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

#### PART E – AUTHORITY

##### Basis of Authority to Complete/Execute this Document (tick one)

I am employed by the creditor and authorised in writing by the creditor to make this statement.

I am the creditor's agent authorised in writing to make this statement in writing.

I am the creditor personally

Signature

\_\_\_\_\_

Date Signed

\_\_\_\_\_

NAME IN BLOCK LETTERS

\_\_\_\_\_

Position

\_\_\_\_\_

# ANNEXURE D

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ARITA Creditor Information Sheet Regarding Voidable  
Transactions

# Creditor Information Sheet

## Offences, Recoverable Transactions and Insolvent Trading



### Offences

**A summary of offences under the Corporations Act that may be identified by the administrator:**

|         |  |
|---------|--|
| 180     | Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.   |
| 181     | Failure to act in good faith.  |
| 182     | Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.  |
| 183     | Making improper use of information acquired by virtue of the officer's position.   |
| 184     | Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.  |
| 198G    | Performing or exercising a function or power as an officer while a company is under administration.  |
| 206A    | Contravening a court order against taking part in the management of a corporation.   |
| 206A, B | Taking part in the management of corporation while being an insolvent, for example, while bankrupt.  |
| 206A, B | Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.  |
| 209(3)  | Dishonest failure to observe requirements on making loans to directors or related companies.   |
| 254T    | Paying dividends except out of profits.  |
| 286     | Failure to keep proper accounting records.   |
| 312     | Obstruction of an auditor.   |
| 314-7   | Failure to comply with requirements for the preparation of financial statements.   |
| 437D(5) | Unauthorised dealing with company's property during administration.  |
| 438B(4) | Failure by directors to assist administrator, deliver records and provide information.   |
| 438C(5) | Failure to deliver up books and records to the administrator.  |
| 588G    | Incurring liabilities while insolvent  |
| 588GAB  | Officer's duty to prevent creditor-defeating disposition   |
| 588GAC  | A person must not procure a company to make a creditor-defeating disposition   |
| 590     | Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors. |
| 596AB   | Entering into an agreement or transaction to avoid employee entitlements.  |

### Recoverable Transactions

#### **Preferences**

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

#### **Creditor-defeating disposition**

Creditor-defeating dispositions are the transfer of company assets for less than market value (or the best price reasonably obtainable) that prevents, hinders or significantly delay creditors' access to the company's assets in liquidation. Creditor-defeating dispositions are voidable by a liquidator.

### **Uncommercial Transaction**

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to the benefit or detriment to the company; the respective benefits to other parties; and any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

### **Unfair Loan**

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

### **Arrangements to avoid employee entitlements**

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person or from members of a corporate group (Contribution Order).

### **Unreasonable payments to directors**

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

### **Voidable charges**

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

## **Insolvent trading**

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect;
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

**Important note:** This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

**Queries about the voluntary administration should be directed to the administrator's office.**

# ANNEXURE E

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Estimated Return to Creditors Calculation

AustralAsian Mortgage Finance Limited (Administrator Appointed)

Estimated Position Statement as at

30 November 2020

|  | Notes     | Liquidation (\$)   |                    | McKinnon and Cossetto DOCA Proposal (\$) |                    | RRH DOCA Proposal (\$) |                  |
|--|-----------|--------------------|--------------------|--|--------------------|------------------------|------------------|
|  |           | High               | Low                | High                                     | Low                | High                   | Low              |
| <b>Assets</b>  |           |                    |                    |  |                    |                        |                  |
| Sundry Debtors   | 5.1       | 10,084             | 10,084             | 10,084                                   | 10,084             | 10,084                 | 10,084           |
| Cash at Bank   | 5.2       | 258,839            | 258,839            | 258,839                                  | 258,839            | 258,839                | 258,839          |
| Other Assets   | 5.3       | -                  | -                  | -  | -                  | -                      | -                |
| <b>Net Asset Realisations</b>  |           | <b>268,923</b>     | <b>268,923</b>     | <b>268,923</b>                           | <b>268,923</b>     | <b>268,923</b>         | <b>268,923</b>   |
| <b>Voidable Transactions / Insolvent Trading / Liquidator's Recoveries</b>   | 6.2 / 6.3 | -                  | -                  | -  | -                  | -                      | -                |
| <b>Costs of External Administration and Other Priority Payments</b>          |           |                    |                    |  |                    |                        |                  |
| Administrator's Remuneration   |           | (65,000)           | (65,000)           | (70,000)                                 | (70,000)           | (70,000)               | (70,000)         |
| Liquidator's Remuneration  | Anx F     | (20,000)           | (30,000)           | -  | -                  | -                      | -                |
| Deed Administrator's Remuneration  |           | -                  | -                  | (12,500)                                 | (17,500)           | (15,000)               | (20,000)         |
| Administrator's / Deed Administrator's / Liquidator's Disbursements          | i         | (2,500)            | (3,000)            | (2,500)                                  | (3,000)            | (2,500)                | (3,000)          |
| Legal Fees - Voluntary Administration  | ii        | (30,000)           | (35,000)           | (30,000)                                 | (35,000)           | (30,000)               | (35,000)         |
| Legal Fees - DOCA Preparation  | iii       | -                  | -                  | (4,000)                                  | (6,000)            | (4,000)                | (6,000)          |
| Provision for Other Costs of External Administration                         | iv        | (2,000)            | (2,000)            | (2,000)                                  | (2,000)            | (4,000)                | (5,000)          |
| <b>Total Costs of External Administration</b>                                |           | <b>(119,500)</b>   | <b>(135,000)</b>   | <b>(121,000)</b>                         | <b>(133,500)</b>   | <b>(125,500)</b>       | <b>(139,000)</b> |
| <b>Funds Available for Distribution</b>                                      |           | <b>149,423</b>     | <b>133,923</b>     | <b>147,923</b>                           | <b>135,423</b>     | <b>143,423</b>         | <b>129,923</b>   |
| <b>Unsecured Creditors</b>   |           |                    |                    |  |                    |                        |                  |
| Unrelated Unsecured Creditors  | 5.4.1     | (440,196)          | (459,446)          | (440,196)                                | (459,446)          | (248,788)              | (268,038)        |
| Related Entities (Former Directors)  | 5.4.2     | (140,643)          | (163,682)          | (140,643)                                | (163,682)          | (32,205)               | (55,244)         |
| Related Entities (Current Directors - Consulting Fees)                       | 5.4.3     | (911,000)          | (911,000)          | (429,750)                                | (429,750)          | -                      | -                |
| Related Entities (Current Directors - Other Than Consulting Fees)            | 5.4.4     | (59,444)           | (59,444)           | -  | -                  | (51,854)               | (51,854)         |
| <b>Total Unsecured Creditors</b>   |           | <b>(1,551,283)</b> | <b>(1,593,572)</b> | <b>(1,010,589)</b>                       | <b>(1,052,878)</b> | <b>(332,847)</b>       | <b>(375,136)</b> |
| <b>Estimated Surplus / (Shortfall)</b>                                       |           | <b>(1,401,860)</b> | <b>(1,459,649)</b> | <b>(862,666)</b>                         | <b>(917,455)</b>   | <b>(189,424)</b>       | <b>(245,213)</b> |
| <b>Rate of Return to Unsecured Creditors</b>                                 |           | <b>9.6%</b>        | <b>8.4%</b>        | <b>14.6%</b>                             | <b>12.9%</b>       | <b>43.1%</b>           | <b>34.6%</b>     |
| <b>If a Judicial Review is Sought with Respect to Related Party Claims</b>   |           |                    |                    |  |                    |                        |                  |
| <b>Funds Available for Distribution (from above)</b>                         |           | <b>149,423</b>     | <b>133,923</b>     | <b>147,923</b>                           | <b>135,423</b>     | <b>143,423</b>         | <b>129,923</b>   |
| Less: Costs Associated with Judicial Review                                  |           |                    |                    |  |                    |                        |                  |
| Legal Fees   | v         | (25,175)           | (25,175)           | (25,175)                                 | (25,175)           | (25,175)               | (25,175)         |
| Additional Administrator's Costs   | vi        | (20,000)           | (35,000)           | (20,000)                                 | (35,000)           | (20,000)               | (35,000)         |
| <b>Total Costs Associated with Judicial Review</b>                           |           | <b>(45,175)</b>    | <b>(60,175)</b>    | <b>(45,175)</b>                          | <b>(60,175)</b>    | <b>(45,175)</b>        | <b>(60,175)</b>  |
| <b>Adjusted Funds Available for Distribution (After Judicial Review)</b>     |           | <b>104,248</b>     | <b>73,748</b>      | <b>102,748</b>                           | <b>75,248</b>      | <b>98,248</b>          | <b>69,748</b>    |
| <b>Unsecured Creditors (If Related Party Claims are Valid)</b>               |           | <b>(1,551,283)</b> | <b>(1,593,572)</b> | <b>(1,010,589)</b>                       | <b>(1,052,878)</b> | <b>(332,847)</b>       | <b>(375,136)</b> |
| <b>Unsecured Creditors (If Related Party Claims are Not Valid)</b>           |           | <b>(640,283)</b>   | <b>(682,572)</b>   | <b>(580,839)</b>                         | <b>(623,128)</b>   | <b>(332,847)</b>       | <b>(375,136)</b> |
| <b>Return to Creditors (If Related Party Claims are Valid)</b>               |           | <b>6.7%</b>        | <b>4.6%</b>        | <b>10.2%</b>                             | <b>7.1%</b>        | <b>29.5%</b>           | <b>18.6%</b>     |
| <b>Return to Creditors (If Related Party Claims are Not Valid)</b>           |           | <b>16.3%</b>       | <b>10.8%</b>       | <b>17.7%</b>                             | <b>12.1%</b>       | <b>29.5%</b>           | <b>18.6%</b>     |
| <b>Impact on Return to Creditors (If Related Party Claims are Valid)</b>     |           | <b>-2.9%</b>       | <b>-3.8%</b>       | <b>-4.5%</b>                             | <b>-5.7%</b>       | <b>-13.6%</b>          | <b>-16.0%</b>    |
| <b>Impact on Return to Creditors (If Related Party Claims are Not Valid)</b> |           | <b>6.6%</b>        | <b>2.4%</b>        | <b>3.1%</b>                              | <b>-0.8%</b>       | <b>-13.6%</b>          | <b>-16.0%</b>    |

Notes

- i Provision for external administrator's disbursements.
- ii Provision for legal fees associated with the external administration. Legal matters include dealing with creditor and shareholder requests for information, allegations regarding the appointment of the Administrator, dealing with creditor proofs of debt and meetings and related party claims, dealing with DOCA proposals and general legal advice relating to the Administration.
- iii Provision for legal fees relating to the drafting of a DOCA.
- iv Estimated cost for obtaining computer / IT backups of the Company's data and nominal provision for other expenses. Cost in the RRH DOCA Proposal scenario envisages additional cost to be incurred in associated with matters relating to issuing shares.
- v Estimated legal fees associated with application to Court for judicial directions with respect to related party proofs as noted in the Administrator's report to creditors.
- vi Estimated additional Administrator's costs associated with application to Court for judicial directions as noted in the Administrator's report to creditors. The costs expected to be incurred relate to the costs of applying to Court and filing of evidence, dealing with creditor enquiries, preparing and issuing a Supplementary Report to Creditors under s75-225 of the IPRs and reconvening the adjourned meeting of creditors.

# ANNEXURE F

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Remuneration Approval Report

30 November 2020

## Remuneration Approval Report

**AUSTRALASIAN MORTGAGE FINANCE LIMITED (Administrator Appointed)**  
**ACN 615 711 772**  
**(the “Company”)**

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of my remuneration for undertaking the external administration of the Company.

This report has the following information included:

- Part 1 – Declaration
- Part 2 – Executive Summary
- Part 3 – Remuneration
- Part 4 – Disbursements
- Part 5 – Report on Progress of the administration
- Part 6 – Summary of Receipts and Payments
- Part 7 – Queries
- Part 8 – Approval of Remuneration
- Schedule 1 – Calculation of Remuneration for Resolution 1
- Schedule 2 – Details of the major tasks performed for Resolution 1
- Schedule 3 – Details of the major tasks performed or likely to be performed for Resolution 2
- Schedule 4 – Details of the major tasks likely to be performed for Resolution 3
- Schedule 5 – Details of the major tasks likely to be performed for Resolution 4
- Schedule 6 – Details of the major tasks likely to be performed for Resolution 5
- Schedule 7 – Details of the major tasks likely to be performed for Resolution 6

### What do you need to do next?

You should read this report and the other documentation that I have sent you and then attend the meeting of creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

Information about the meeting of creditors and instructions can be found in the Notice of Meeting included at **Annexure A**.

If you have any questions, or need any assistance with understanding the materials I have sent to you, please contact Daniel Hoawerth on (02) 4926 8800.

### 1. Declaration

I, Chad Rapsey of Rapsey Griffiths Turnaround + Insolvency have undertaken a proper assessment of this remuneration claim 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 appointment; and
- The costs incurred, or to be incurred, are necessary and reasonable having regard to the value and complexity of the administration.

I have reviewed the work in progress report for the appointment to ensure that remuneration is only being claimed for necessary and proper work performed.

## 2. Executive Summary

The total remuneration for the Voluntary Administration is estimated to cost between approximately \$65,000.00 and \$70,000.00 (excl GST) to complete. This has increased when compared with the estimate of remuneration provided in my Initial Remuneration Notice dated 5 November 2020. Please refer to section 3.3 of this remuneration approval report for further details.

In the event a DOCA is accepted by creditors, I estimate my remuneration for the duration of the DOCA to be:

- If the DOCA proposal by Mr Leonard McKinnon and Mr Peter Cossetto is accepted – between \$12,500.00 and \$17,500.00 (excl GST); or
- If the DOCA proposal by Rous Investments Pty Ltd ATF the Rous Investments Trust, Remara Capital Pty Ltd and Hargreaves Singapore Pte Ltd is accepted – between \$15,000.00 and \$20,000.00 (excl GST).

In the event the Company is placed into liquidation and I am appointed Liquidator, I estimate my remuneration for the liquidation will be between \$20,000.00 and \$30,000.00 (excluding GST).

Remuneration currently claimed is summarised below:

| Period  | Report Reference  | Amount (Excl. GST) (\$) |
|---|-------------------|-------------------------|
| <b>Current Remuneration Claim:</b>  |                   |                         |
| <i>Voluntary Administration</i>   |                   |                         |
| Resolution 1: 3 November 2020 to 29 November 2020   | 3.1; Sch 1; Sch 2 | 51,217.65               |
| Resolution 2: 30 November 2020 to 8 December 2020*  | 3.1; Sch 3        | 13,782.35               |
| Resolution 3: 9 December 2020 to date of execution of the DOCA*   | 3.1; Sch 4        | 5,000.00                |
| <b>Total – Current Remuneration Claim – Voluntary Administration</b>  |                   | <b>70,000.00</b>        |
| <i>Deed of Company Arrangement – Proposal by Mr Leonard McKinnon and Mr Peter Cossetto</i>  |                   |                         |
| Resolution 4: Date of DOCA execution to its completion*   | 3.1; Sch 5        | 17,500.00               |
| <b>Total – Current Remuneration Claim – Deed Administrator - Proposal by Mr Leonard McKinnon and Mr Peter Cossetto</b>  |                   | <b>17,500.00</b>        |
| <i>Deed of Company Arrangement – Proposal by Rous Investments Pty Ltd ATF the Rous Investments Trust, Remara Capital Pty Ltd and Hargreaves Singapore Pte Ltd</i> |                   |                         |
| Resolution 5: Date of DOCA execution to its completion*   | 3.1; Sch 6        | 20,000.00               |
| <b>Total – Current Remuneration Claim – Deed Administrator - Proposal by Rous Investments Pty Ltd ATF the Rous Investments Trust, Remara</b>                      |                   | <b>20,000.00</b>        |

| <b>Capital Pty Ltd and Hargreaves Singapore Pte Ltd</b>  |            |                  |
|--|------------|------------------|
|  |            |                  |
| <i>Liquidation</i>   |            |                  |
| Resolution 6: Commencement of the liquidation to its completion*   | 3.1; Sch 7 | 20,000.00        |
| <b>Total – Current Remuneration Claim – Liquidation</b>  |            | <b>20,000.00</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.  |            |                  |
| I note:  |            |                  |
| <ul style="list-style-type: none"> <li>• Approval for remuneration in respect of resolution 3 will only be sought if creditors resolve to execute a DOCA</li> <li>• Approval for remuneration in respect of resolution 4 will only be sought if creditors resolve to execute the DOCA proposed by Mr Leonard McKinnon and Mr Peter Cossetto</li> <li>• Approval for remuneration in respect of resolution 5 will only be sought if creditors resolve to execute the DOCA proposed by Rous Investments Pty Ltd ATF the Rous Investments Trust, Remara Capital Pty Ltd and Hargreaves Singapore Pte Ltd</li> <li>• Approval for remuneration in respect of resolution 6 will only be sought if creditors resolve to place the Company into liquidation.</li> </ul> |            |                  |

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

### 3. Remuneration

#### 3.1. Remuneration Claim Resolutions

I will be seeking approval of the following resolutions to approve my remuneration. Details to support these resolutions are included in the enclosed Schedules.

##### **Resolution 1 - 3 November 2020 to 29 November 2020 (actual past remuneration)**

*“That the remuneration of the Administrator, their partners and staff, for the period from 3 November 2020 to 29 November 2020, calculated at the hours spent at the rates detailed in the Initial Remuneration Notice dated 5 November 2020, is approved for payment in the amount of \$51,217.65, exclusive of GST, to be drawn from available funds immediately or as funds become available.”*

Please find enclosed:

- Schedule 1 – A summary of the time charged which forms the basis of calculating this remuneration claim
- Schedule 2 – Details of the major tasks performed and the costs associated with each of those major tasks

##### **Resolution 2 – 30 November 2020 to 8 December 2020 (estimated future remuneration)**

*“That the future remuneration of the Administrator for the period from 30 November 2020 to 8 December 2020, is determined at a sum equal to the cost of time spent by the Administrator and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 5 November 2020, up to a capped amount of \$13,782.35 exclusive of GST, and that the Administrator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.”*

Please find enclosed:

- Schedule 3 – Details of the major tasks performed or likely to be performed and the estimated costs associated with each of those major tasks

**Resolution 3 – 9 December 2020 to date of execution of the DOCA\* (estimated future remuneration)**

Should creditors resolve that the Company execute a DOCA

*“That the future remuneration of the Administrator for the period from 9 December 2020 to the date of execution of the DOCA, is determined at a sum equal to the cost of time spent by the Administrator and his and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 5 November 2020, up to a capped amount of \$5,000.00 exclusive of GST, and that the Administrator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.”*

Please find enclosed:

- Schedule 4 – Details of the major tasks performed or likely to be performed and the estimated costs associated with each of those major tasks

**Resolution 4 – Date of DOCA execution to its completion (estimated future remuneration)**

Should creditors resolve for the Company to execute the DOCA proposed by Mr Leonard McKinnon and Mr Peter Cossetto

*“That the future remuneration of the Deed Administrator for the period from the date of execution of DOCA to its completion, is determined at a sum equal to the cost of time spent by the Deed Administrator and his partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 5 November 2020, up to a capped amount of \$17,500.00 exclusive of GST, and that the Deed Administrator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.”*

Please find enclosed:

- Schedule 5 – Details of the major tasks performed or likely to be performed and the estimated costs associated with each of those major tasks

**Resolution 5 – Date of DOCA execution to its completion (estimated future remuneration)**

Should creditors resolve for the Company to execute the DOCA proposed by Rous Investments Pty Ltd ATF the Rous Investments Trust, Remara Capital Pty Ltd and Hargreaves Singapore Pte Ltd

*“That the future remuneration of the Deed Administrator for the period from the date of execution of DOCA to its completion, is determined at a sum equal to the cost of time spent by the Deed Administrator and his partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 5 November 2020, up to a capped amount of \$20,000.00 exclusive of GST, and that the Deed Administrator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.”*

Please find enclosed:

- Schedule 6 – Details of the major tasks performed or likely to be performed and the estimated costs associated with each of those major tasks

## **Resolution 6 – Commencement of the liquidation to its completion (estimated future remuneration)**

### **Should creditors resolve that the Company be wound up**

*“That the future remuneration of the Liquidator for the period from the commencement of the liquidation to its completion, is determined at a sum equal to the cost of time spent by the Liquidator and his partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 5 November 2020, up to a capped amount of \$20,000.00 exclusive of GST, and that the Liquidator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.”*

Please find enclosed:

- Schedule 7 – Details of the major tasks performed or likely to be performed and the estimated costs associated with each of those major tasks

### **3.2. Details of Remuneration**

Please refer to the enclosed Schedules as referenced above.

### **3.3. Total Remuneration Reconciliation**

#### **3.3.1. Voluntary Administration**

At this point in time I estimate that the total remuneration for the Voluntary Administration will be between approximately \$65,000.00 and \$70,000.00 (excl GST). This is subject to the following variables which may have a significant effect on this estimate:

- Whether creditors resolve for the Company to be placed into liquidation or to execute a DOCA;
- Whether an application to Court is required with respect to the related party claims in relation to consulting fees;
- Whether any amendments to the DOCA proposals, or additional DOCA proposals, are received;
- Whether the second meeting of creditors is adjourned and a supplementary report to creditors / further meeting are required;
- If complexities are encountered with respect to drafting or executing a DOCA;
- If additional information is forthcoming that is relevant to creditors’ decision regarding the future of the Company that requires further investigation by the Administrator;
- High volumes and complexity of creditor and shareholder enquiries; and
- Dealing with any other unexpected, unforeseen, undisclosed or unknown complexities, difficulties or issues which may arise during the course of the administration

This varies with the estimate provided in the Initial Remuneration Notice dated 5 November 2020 for the following reasons:

- The volume and nature of enquiries by creditors and shareholders has resulted in more time being spent than was originally anticipated;
- I have been required to deal with allegations regarding the validity of and potential challenges to, my appointment, that were not originally anticipated;

- Multiple DOCA proposals have been received and correspondence with proponents has been greater than originally anticipated due to the complexity, uncertainty and amendments to certain aspects of those proposals; and
- Time spent investigating the Company's affairs, creditor claims (including related party claims) and advising creditors of the outcome of those enquiries in my detailed report to creditors was greater than originally anticipated.

In preparing this remuneration approval report, I have made my best estimate at what I believe the external administration will cost to complete and I do not anticipate that I will have to ask creditors to approve any further remuneration (subject to the above factors). However, should the external administration not proceed as expected, I will advise creditors and I may seek approval of further remuneration and provide details on why the remuneration has changed.

### **3.3.2. DOCA**

Should creditors resolve that the Company execute a Deed of Company Arrangement, at this point in time I estimate that my total remuneration for the Deed Administration will be between \$12,500.00 and \$20,000.00 (excl GST). This is subject to the following variables which may have a significant effect on this estimate:

- Whether creditors resolve to accept the DOCA proposed by Mr Leonard McKinnon and Mr Peter Cossetto or the DOCA proposed by Rous Investments Pty Ltd ATF the Rous Investments Trust, Remara Capital Pty Ltd and Hargreaves Singapore Pte Ltd;
- High volumes and complexity of creditor and shareholder enquiries;
- The number, nature and complexity of claims received from creditors requiring adjudication;
- Whether difficulties or delays are encountered with respect to satisfying certain conditions precedent to effectuation of the DOCA; and
- Dealing with any other unexpected, unforeseen, undisclosed or unknown complexities, difficulties or issues which may arise during the course of the DOCA.

In preparing this remuneration approval report, I have made my best estimate at what I believe the external administration will cost to complete and I do not anticipate that I will have to ask creditors to approve any further remuneration (subject to the above factors). However, should the external administration not proceed as expected, I will advise creditors and I may seek approval of further remuneration and provide details on why the remuneration has changed.

### **3.3.3. Liquidation**

Should creditors resolve that the Company be wound up, at this point in time I estimate that the total remuneration for the Liquidation will be between \$20,000.00 and \$30,000.00 (excl GST). This is subject to the following variables which may have a significant effect on this estimate:

- Whether subsequent investigations undertaken in a liquidation scenario identify possible voidable transaction recoveries or misconduct;
- High volumes and complexity of creditor and shareholder enquiries;
- The number, nature and complexity of claims received from creditors requiring adjudication; and
- Dealing with any other unexpected, unforeseen, undisclosed or unknown complexities, difficulties or issues which may arise during the course of the liquidation.

In preparing this remuneration approval report, I have made my best estimate at what I believe the external administration will cost to complete and I do not anticipate that I will have to ask creditors to approve any further remuneration. However, should the external administration not proceed as expected, I will advise creditors and I may seek approval of further remuneration and provide details on why the remuneration has changed.

### 3.4. Likely impact on dividends

The *Corporations Act 2001* sets the order for payment of claims against the Company and it provides for remuneration of the Administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrator receives payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve my remuneration, this does not guarantee that I will be paid, as I am only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that I am able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

Please refer to my report to creditors dated 30 November 2020 for details regarding the potential dividends payable under a DOCA and liquidation scenarios and the factors that may influence the returns to creditors.

### 3.5. Remuneration recovered from external sources

I do not expect to recover any remuneration from external sources during the external administration.

## 4. Disbursements

Disbursements are divided into three types:

- **External professional services** – these are recovered at cost. An example of an externally provided professional service is legal fees. It does not include insolvency services, as insolvency services are claimed as remuneration.
- **External non-professional costs** – these are recovered at cost. Examples of external non-professional expenses include travel, accommodation and search fees.
- **Firm non-professional costs** – such as photocopying, printing and postage. These costs, 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.

I am not required to seek creditor approval for costs paid to third parties or for disbursements where I am recovering a cost incurred on behalf of the administration, but I must account to creditors. I must be satisfied that these disbursements are appropriate, justified and reasonable. Details of these disbursements are included in the following table.

| Disbursements Incurred (at 29 November 2020) | Basis   | Total (\$) (Excl. GST) |
|--|---------|------------------------|
| <b>External non-professional services</b>    |         |                        |
| Searches                                     | At Cost | 1,086.12               |
| <b>Total Disbursements Incurred</b>          |         | <b>1,086.12</b>        |
| <i>Less: Disbursements Paid</i>              |         | <i>Nil</i>             |
| <b>Outstanding Disbursements</b>             |         | <b>1,086.12</b>        |

I am required to obtain creditors' consent for the payment of a disbursement where I, or a related entity of myself, may directly or indirectly obtain a profit. In these circumstances, creditors will be asked to approve my disbursements prior to these disbursements being paid from the administration. I do not intend to claim any disbursements where there may be a profit and as such do not intend to seek creditor approval at this stage, however reserve the right to do so in the future if necessary.

I have undertaken a proper assessment of disbursements claimed in the administration, in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

Details of the basis of recovering disbursements in this administration are provided below.

| <b>Disbursement</b>   | <b>Charges (\$) (Excluding GST)</b> |
|---|-------------------------------------|
| External professional services  | At Cost                             |
| External non-professional services  | At Cost                             |
| Firm non-professional costs   |                                     |
| E-mailing   | No charge                           |
| Postage   | At cost                             |
| Printing / Photocopying   | No charge                           |
| Staff vehicle use   | ATO rates per km                    |
| <b>Notes</b>  |                                     |
| 1. Rates effective from 1 March 2019.   |                                     |
| 2. This may not be an exhaustive list of all the types of disbursements which may apply to this administration. Any other disbursements will typically be recovered at cost, however where there may be an element of profit or advantage, I will be required to seek creditor approval prior to payment of same. |                                     |

## 5. Report on Progress of the administration

Creditors are referred to my report to creditors dated 30 November 2020.

## 6. Summary of Receipts and Payments

A summary of the receipts and payments for the administration is included at **Annexure G**.

## 7. Queries

If you have any queries in relation to the information in this report, please contact my staff:

**Contact name:** Daniel Hoawerth  
**Contact number:** (02) 4926 8800  
**Email:** [DanielH@rgia.com.au](mailto:DanielH@rgia.com.au)

You can also access information which may assist you on the following websites:

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for "insolvency information sheets")

Supporting documentation for my remuneration claim may be viewed if requested, provided sufficient notice is given.

## 8. Approval of Remuneration

Please refer to the heading “**What do you need to do next?**” at the start of this Remuneration Approval Report for details regarding how approval of my remuneration is being sought.

The following information sheets are also available to creditors which contain further information regarding external administrations, creditors meetings and the process for approval of an appointee’s remuneration:

- The Australian Securities and Investments Commission (“ASIC”) has issued an information sheet (INFO 74) entitled *Voluntary administration: A guide for creditors* which can be accessed via [www.asic.gov.au](http://www.asic.gov.au) (search for “insolvency information sheets”).
- The Australian Securities and Investments Commission (“ASIC”) has issued an information sheet (INFO 45) entitled *Liquidation: A guide for creditors* which can be accessed via [www.asic.gov.au](http://www.asic.gov.au) (search for “insolvency information sheets”).
- The Australian Restructuring Insolvency & Turnaround Association (“ARITA”) has issued information sheets entitled *Approving remuneration of an external administrator* and *Proposals without meetings* which can be accessed via the following website [www.arita.com.au/creditors](http://www.arita.com.au/creditors)

If you are dissatisfied with the contents of this notice, you can contact my office to discuss why you are dissatisfied with the contents of this notice. If you remain dissatisfied you may either abstain from voting on, or reject a proposal for my remuneration or complain to ASIC or ARITA.



Administrator



AUSTRALASIAN MORTGAGE FINANCE LIMITED (Administrator Appointed) - Calculation of Remuneration  
ACN 615 711 772

SCHEDULE 1 - Time Summary for the period 3 November 2020 to 29 November 2020

| Staff   | Position         | Hourly Rate | Total Hours   | Total Value      |               | Assets        |                  | Creditors     |                  | Investigation |                  | Administration |  |
|---|------------------|-------------|---------------|------------------|---------------|---------------|------------------|---------------|------------------|---------------|------------------|----------------|--|
|   |                  |             |               | \$               |               | Hours         | \$               | Hours         | \$               | Hours         | \$               | Hours          |  |
| Chad Rapsey   | Appointee        | 620         | 11.10         | 6,882.00         | -             | 5.90          | 3,658.00         | 0.90          | 558.00           | 4.30          | 2,666.00         |                |  |
| Daniel Hoawerth                                       | Associate        | 550         | 34.60         | 19,030.00        | 0.60          | 15.60         | 8,580.00         | 6.60          | 3,630.00         | 11.80         | 6,490.00         |                |  |
| Craig Newell  | Senior Manager   | 500         | 0.70          | 350.00           | -             | 0.40          | 200.00           | 0.30          | 150.00           | -             | -                |                |  |
| Daniel Hoawerth                                       | Manager          | 465         | 37.80         | 17,577.00        | -             | 20.50         | 9,532.50         | 15.30         | 7,114.50         | 2.00          | 930.00           |                |  |
| Matthew Brennan                                       | Intermediate     | 295         | 24.70         | 7,286.50         | -             | 15.30         | 4,513.50         | 9.40          | 2,773.00         | -             | -                |                |  |
| Alpha Samocino  | Secretary        | 180         | 1.80          | 324.00           | -             | 1.20          | 216.00           | -             | -                | 0.60          | 108.00           |                |  |
| Blanca Ancheta  | Secretary        | 180         | 0.10          | 18.00            | -             | 0.10          | 18.00            | -             | -                | -             | -                |                |  |
| Daniel Hoawerth                                       | Secretary        | 180         | 1.30          | 234.00           | -             | 1.00          | 180.00           | -             | -                | 0.30          | 54.00            |                |  |
| Karisa Olmos  | Secretary        | 180         | 12.30         | 2,214.00         | 1.70          | 3.00          | 540.00           | 3.30          | 594.00           | 4.30          | 774.00           |                |  |
| Loren Angel   | Secretary        | 180         | 0.90          | 162.00           | -             | 0.80          | 144.00           | -             | -                | 0.10          | 18.00            |                |  |
| Cassie Burton   | Paraprofessional | 190         | 10.90         | 2,071.00         | 0.20          | 7.90          | 1,501.00         | 2.40          | 456.00           | 0.40          | 76.00            |                |  |
| Daniel Hoawerth                                       | Paraprofessional | 190         | 4.00          | 760.00           | 0.30          | 3.20          | 608.00           | 0.50          | 95.00            | -             | -                |                |  |
| Cassie Burton   | Nil charge       | 0           | 1.50          | -                | -             | 0.50          | -                | 0.30          | -                | 0.70          | -                |                |  |
| Craig Newell  | Nil charge       | 0           | 0.30          | -                | -             | -             | -                | 0.30          | -                | -             | -                |                |  |
| Daniel Hoawerth                                       | Nil charge       | 0           | 2.90          | -                | -             | 0.80          | -                | 0.10          | -                | 2.00          | -                |                |  |
| Karisa Olmos  | Nil charge       | 0           | 0.20          | -                | -             | -             | -                | -             | -                | 0.20          | -                |                |  |
| Matthew Brennan                                       | Nil charge       | 0           | 0.70          | -                | -             | 0.50          | -                | -             | -                | 0.20          | -                |                |  |
| <b>Total</b>  |                  |             | <b>145.80</b> | <b>56,908.50</b> | <b>2.80</b>   | <b>76.70</b>  | <b>29,691.00</b> | <b>39.40</b>  | <b>15,370.50</b> | <b>26.90</b>  | <b>11,116.00</b> |                |  |
| Less: 10% Discount as Per Initial Remuneration Advice |                  |             |               | (5,690.85)       |               |               | (2,969.10)       |               | (1,537.05)       |               | (1,111.60)       |                |  |
| <b>Net Approval Sought</b>                            |                  |             |               | <b>51,217.65</b> | <b>2.80</b>   | <b>76.70</b>  | <b>26,721.90</b> | <b>39.40</b>  | <b>13,833.45</b> | <b>26.90</b>  | <b>10,004.40</b> |                |  |
| GST   |                  |             |               | 5,121.77         |               |               |                  |               |                  |               |                  |                |  |
| <b>Total including GST</b>                            |                  |             |               | <b>56,339.42</b> |               |               |                  |               |                  |               |                  |                |  |
| <b>Average Hourly Rate (Excl. GST)</b>                |                  |             |               | <b>351.29</b>    | <b>234.96</b> | <b>348.40</b> |                  | <b>351.10</b> |                  | <b>371.91</b> |                  |                |  |

## SCHEDULE 2 - Voluntary Administration – Resolution 1 - 3 November 2020 to 29 November 2020

The basis of calculating this remuneration claim is contained in the enclosed Schedule 1.

| Task Area  | General Description         | Includes   |
|--|-----------------------------|--|
| <b>Assets</b><br><b>2.80 hours</b><br><b>\$657.90</b>        | Cash on Hand/Cash at Bank   | <ul style="list-style-type: none"> <li>• Notifications to financial institutions in search of bank accounts in the name of the Company</li> <li>• Organise transfer of funds held in pre-appointment account into administration account and liaise with pre-appointment financial institution with regard to transfers</li> </ul>   |
|  | Other Assets                | <ul style="list-style-type: none"> <li>• Discussion with interested party regarding expression of interest to submit an offer for certain intellectual property that may be owned by the Company</li> </ul>  |
|  | Shares                      | <ul style="list-style-type: none"> <li>• Conduct search of share registries</li> </ul>   |
| <b>Creditors</b><br><b>76.70 hours</b><br><b>\$26,721.90</b> | Creditor Enquiries          | <ul style="list-style-type: none"> <li>• Receive and respond to creditor enquiries</li> <li>• Consider information requests from creditors and complying with those information requests</li> <li>• Review of creditor listings provided by the Directors and compare against Xero</li> </ul>  |
|  | Shareholders                | <ul style="list-style-type: none"> <li>• Notification to shareholders of appointment of Administrator</li> <li>• Receive and respond to shareholder enquiries</li> <li>• Liaise with Directors regarding shareholders</li> </ul>   |
|  | Creditor reports            | <ul style="list-style-type: none"> <li>• Finalise and issue initial notice to creditors</li> <li>• Prepare s75-225 report to creditors and annexures</li> </ul>  |
|  | Dealing with proofs of debt | <ul style="list-style-type: none"> <li>• Receipting and filing POD when not related to a dividend</li> <li>• Obtain and consider advice regarding related party proofs of debt</li> <li>• Liaise with lawyers regarding creditor claims and consider debt vs equity issues</li> </ul>  |
|  | First 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>• Liaise with creditors/attendees regarding first meeting of creditors</li> <li>• Adjudicate proofs received for voting purposes</li> <li>• Preparation and lodgement of minutes of meeting with ASIC</li> </ul> |
|  | DOCA Proposal               | <ul style="list-style-type: none"> <li>• Assess DOCA proposals received</li> <li>• Liaise with DOCA proponents</li> <li>• Liaise with Directors</li> <li>• Compare DOCA likely outcome with liquidation</li> </ul>   |
| <b>Investigation</b><br><b>39.40 hours</b>                   | Conducting investigation    | <ul style="list-style-type: none"> <li>• Collection of company books and records</li> <li>• Liaise with advisors to the Company to obtain books and</li> </ul>   |

| Task Area   | General Description   | Includes   |
|---|---|--|
| <b>\$13,833.45</b>                                    |   | <ul style="list-style-type: none"> <li>records</li> <li>Obtain backup of IT data and liaise with IT professionals regarding same</li> <li>Conducting and summarising statutory searches</li> <li>Reviewing company's books and records</li> <li>Review and preparation of company nature and history</li> <li>Preparation of comparative financial statements and analysis of same</li> <li>Review of specific transactions and prepare file notes regarding same</li> <li>Liaise with lawyers regarding investigations</li> <li>Requests for information and liaise with the Directors to assist in undertaking insolvency and voidable transactions review</li> <li>Review of general purpose financial report</li> <li>General ledger review</li> <li>Conduct detailed bank statement review</li> <li>Historical creditor analysis and insolvency assessment</li> <li>Preparation of investigation file</li> <li>Complete investigation checklists</li> </ul> |
| <b>Administration<br/>26.90 hours<br/>\$10,004.40</b> | Correspondence  | <ul style="list-style-type: none"> <li>Incoming and outgoing correspondence</li> </ul>   |
|   | Appointment   | <ul style="list-style-type: none"> <li>Dealing with allegations regarding the validity of and potential challenges to the Administrator's appointment</li> </ul>   |
|   | Directors   | <ul style="list-style-type: none"> <li>Receipt and review of ROCAP (Part A x1, Part B x3)</li> <li>Discussions with Directors</li> <li>Lodge ROCAP with ASIC</li> </ul>  |
|   | DOCA Proposal   | <ul style="list-style-type: none"> <li>Assess DOCA proposals received</li> <li>Liaise with DOCA proponents</li> <li>Liaise with Directors</li> <li>Compare DOCA likely outcome with liquidation</li> </ul>   |
|   | Document maintenance/file review/checklist  | <ul style="list-style-type: none"> <li>Prepare day one checklist</li> <li>Filing of documents</li> <li>Updating job checklist / IPS diary</li> <li>Prepare voluntary administration timeline</li> </ul>  |
|   | Insurance   | <ul style="list-style-type: none"> <li>Notification of appointment to insurance broker</li> </ul>  |
|   | Bank account administration   | <ul style="list-style-type: none"> <li>Preparing correspondence opening bank account</li> <li>Processing receipts and payments</li> </ul>  |
|   | ASIC Forms  | <ul style="list-style-type: none"> <li>Preparing and lodging ASIC forms including 505, 531 etc</li> <li>Advertisement of appointment with ASIC</li> </ul>  |
|   | ATO and other statutory reporting   | <ul style="list-style-type: none"> <li>Notification of appointment to various statutory / utility / and other authorities</li> </ul>   |
| Planning / Review                                     | <ul style="list-style-type: none"> <li>Discussions regarding status of administration and task allocations within team</li> </ul> |  |
| <b>Total<br/>145.80 hours<br/>\$51,217.65</b>         |   |  |

**SCHEDULE 3 - Voluntary Administration – Resolution 2 – 30 November 2020 to 8 December 2020**

| <b>Task Area</b>                     | <b>General Description</b>                 | <b>Includes</b>  |
|--------------------------------------|--|--|
| <b>Assets<br/>\$200.00</b>           | Other Assets                               | <ul style="list-style-type: none"> <li>Follow up with ATO regarding refund</li> </ul>  |
| <b>Creditors<br/>\$9,500.00</b>      | Creditor Enquiries, Requests & Directions  | <ul style="list-style-type: none"> <li>Receive and respond to creditor enquiries</li> <li>Consider information requests from creditors and complying with those information requests</li> </ul>  |
|                                      | Shareholders                               | <ul style="list-style-type: none"> <li>Provide update to shareholders</li> <li>Receive and respond to shareholder enquiries</li> </ul>   |
|                                      | Creditor reports                           | <ul style="list-style-type: none"> <li>Finalise drafting, reviewing and issuing detailed report to creditors</li> <li>Lodge report to creditors with ASIC</li> </ul>   |
|                                      | Dealing with proofs of debt                | <ul style="list-style-type: none"> <li>Receipting and filing POD when not related to a dividend</li> </ul>   |
|                                      | Meeting of Creditors                       | <ul style="list-style-type: none"> <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>Liaise with creditors/attendees regarding second meeting of creditors</li> <li>Facilitate second meeting of creditors</li> <li>Preparation and lodgement of minutes of meeting with ASIC</li> </ul> |
| <b>Investigation<br/>\$1,500.00</b>  | Conducting investigation                   | <ul style="list-style-type: none"> <li>Finalise preliminary investigation file</li> <li>Prepare and submit report to ASIC under s438D</li> <li>Liaise with ASIC regarding statutory report</li> </ul>  |
| <b>Administration<br/>\$2,582.35</b> | Correspondence                             | <ul style="list-style-type: none"> <li>Incoming and outgoing correspondence</li> </ul>   |
|                                      | DOCA Proposal                              | <ul style="list-style-type: none"> <li>Finalise assessment of DOCA proposals received</li> <li>Liaise with DOCA proponents</li> <li>Liaise with Directors</li> </ul>   |
|                                      | Document maintenance/file review/checklist | <ul style="list-style-type: none"> <li>Filing of documents</li> <li>Updating checklists</li> </ul>   |
|                                      | Insurance                                  | <ul style="list-style-type: none"> <li>Correspondence with insurer regarding ongoing insurance requirements</li> </ul>   |
|                                      | Bank account administration                | <ul style="list-style-type: none"> <li>Bank account reconciliations</li> <li>Processing receipts and payments</li> </ul>   |
|                                      | Planning / Review                          | <ul style="list-style-type: none"> <li>Preparing and lodging ASIC forms including 5011, 438D, 530 etc</li> </ul>   |
| <b>Total<br/>\$13,782.35</b>         |  |  |

**SCHEDULE 4 - Voluntary Administration – Resolution 3 – 9 December 2020 to date of execution of the DOCA**

| <b>Task Area</b>                     | <b>General Description</b>   | <b>Includes</b>  |
|--------------------------------------|--|--|
| <b>Creditors<br/>\$2,000.00</b>      | Creditor Enquiries, Requests & Directions  | <ul style="list-style-type: none"> <li>• Receive and respond to creditor enquiries</li> <li>• Consider information requests from creditors and complying with those information requests</li> </ul>  |
|                                      | Dealing with proofs of debt  | <ul style="list-style-type: none"> <li>• Receipting and filing POD when not related to a dividend</li> </ul>   |
|                                      | Meeting of Creditors   | <ul style="list-style-type: none"> <li>• Finalisation and lodgement of minutes of creditors meeting</li> </ul>   |
| <b>Administration<br/>\$3,000.00</b> | Correspondence   | <ul style="list-style-type: none"> <li>• Incoming and outgoing correspondence</li> </ul>   |
|                                      | Document maintenance/file review/checklist   | <ul style="list-style-type: none"> <li>• Filing of documents</li> <li>• Updating checklists</li> </ul>   |
|                                      | DOCA   | <ul style="list-style-type: none"> <li>• Discussions with Directors, lawyers and proponents regarding DOCA</li> <li>• DOCA drafting and review</li> <li>• Obtain and review legal advice in respect to DOCA</li> <li>• Execute DOCA</li> </ul> |
|                                      | Bank account administration  | <ul style="list-style-type: none"> <li>• Bank account transacting and reconciliation</li> </ul>  |
|                                      | ASIC Forms   | <ul style="list-style-type: none"> <li>• Preparing and lodging ASIC forms to finalise VA</li> </ul>  |
|                                      | ATO and other statutory reporting  | <ul style="list-style-type: none"> <li>• Preparing BAS</li> </ul>  |
|                                      | Finalisation   | <ul style="list-style-type: none"> <li>• Notifying ATO of finalisation</li> <li>• Updating ABN / GST / PAYG registration</li> <li>• Completing checklists</li> </ul>   |
| Planning / Review                    | <ul style="list-style-type: none"> <li>• Discussions regarding status of administration</li> </ul> |  |
| <b>Total<br/>\$5,000.00</b>          |  |  |

**SCHEDULE 5 – Deed of Company Arrangement – Resolution 4 – Date of DOCA execution to its completion (DOCA proposed by Mr Leonard McKinnon and Mr Peter Cossetto)**

| <b>Task Area</b>                     | <b>General Description</b>                 | <b>Includes</b>   |
|--------------------------------------|--|---|
| <b>Creditors<br/>\$3,000.00</b>      | Creditor Enquiries, Requests & Directions  | <ul style="list-style-type: none"> <li>• Receive and follow up creditor enquiries via telephone, post and email</li> <li>• Maintaining creditor enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>   |
|                                      | Shareholders                               | <ul style="list-style-type: none"> <li>• Provide update to shareholders</li> <li>• Receive and respond to shareholder enquiries</li> </ul>  |
|                                      | Reports to Creditors                       | <ul style="list-style-type: none"> <li>• Report to creditors regarding execution of DOCA</li> <li>• Report to creditors regarding effectuation of DOCA</li> </ul>   |
|                                      | Dealing with proofs of debt                | <ul style="list-style-type: none"> <li>• Receipting and filing POD when not related to a dividend</li> </ul>  |
| <b>Dividend<br/>\$10,000.00</b>      | Processing proofs of debt                  | <ul style="list-style-type: none"> <li>• Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>• Receipt of POD</li> <li>• Maintain POD register</li> <li>• Adjudicating POD</li> <li>• Request further information from claimants regarding POD</li> <li>• Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>   |
|                                      | Dividend procedures                        | <ul style="list-style-type: none"> <li>• Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>• Obtain clearance from the ATO</li> <li>• Advertisement of intention to declare dividend</li> <li>• Preparation of dividend calculation</li> <li>• Preparation of correspondence to creditors announcing declaration of dividend</li> <li>• Preparation of distribution</li> <li>• Preparation of dividend file</li> <li>• Preparation of payment vouchers to pay dividend</li> <li>• Preparation of correspondence to creditors enclosing payment of dividend</li> </ul> |
| <b>Administration<br/>\$4,500.00</b> | Correspondence                             | <ul style="list-style-type: none"> <li>• Incoming and outgoing correspondence</li> </ul>  |
|                                      | Document maintenance/file review/checklist | <ul style="list-style-type: none"> <li>• Filing of documents</li> <li>• File review</li> <li>• Updating checklists</li> </ul>   |
|                                      | Directors                                  | <ul style="list-style-type: none"> <li>• Liaise with Directors regarding DOCA</li> <li>• Return of control of Company to the Directors at the conclusion of the DOCA</li> </ul>   |
|                                      | DOCA                                       | <ul style="list-style-type: none"> <li>• Attend to all matters relating to satisfying conditions for effectuation of the DOCA</li> </ul>  |
|                                      | Bank account administration                | <ul style="list-style-type: none"> <li>• Bank account reconciliations</li> <li>• Processing receipts and payments</li> <li>• Prepare correspondence closing accounts</li> </ul>   |
|                                      | ASIC Forms                                 | <ul style="list-style-type: none"> <li>• Preparing and lodging ASIC forms</li> </ul>  |

| Task Area                          | General Description               | Includes  |
|------------------------------------|-----------------------------------|---|
|                                    | ATO and other statutory reporting | <ul style="list-style-type: none"> <li>• Preparing BAS</li> </ul>   |
|                                    | Planning / Review                 | <ul style="list-style-type: none"> <li>• Discussions regarding status of administration</li> </ul>  |
|                                    | Finalisation                      | <ul style="list-style-type: none"> <li>• Lodgements relating to transition of appointment from VA to DOCA</li> <li>• Lodgements relating to effectuation of the DOCA</li> <li>• Notifying ATO of finalisation</li> <li>• Completing checklists</li> <li>• Tasks associated with the finalisation of the administration</li> </ul> |
| <b>Total</b><br><b>\$17,500.00</b> |                                   |   |

**SCHEDULE 6 – Deed of Company Arrangement – Resolution 5 – Date of DOCA execution to its completion (DOCA proposed by Rous Investments Pty Ltd ATF the Rous Investments Trust, Remara Capital Pty Ltd and Hargreaves Singapore Pte Ltd)**

| <b>Task Area</b>                     | <b>General Description</b>                 | <b>Includes</b>   |
|--------------------------------------|--|---|
| <b>Assets<br/>\$500.00</b>           | Sundry Debtors                             | <ul style="list-style-type: none"> <li>• Issue demand to PF1 and AFN regarding related party debts due</li> <li>• Receipt of response and consider options for recovery</li> </ul>  |
| <b>Creditors<br/>\$3,000.00</b>      | Creditor Enquiries, Requests & Directions  | <ul style="list-style-type: none"> <li>• Receive and follow up creditor enquiries via telephone, post and email</li> <li>• Maintaining creditor enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>   |
|                                      | Shareholders                               | <ul style="list-style-type: none"> <li>• Provide update to shareholders</li> <li>• Receive and respond to shareholder enquiries</li> </ul>  |
|                                      | Reports to Creditors                       | <ul style="list-style-type: none"> <li>• Report to creditors regarding execution of DOCA</li> <li>• Report to creditors regarding effectuation of DOCA</li> </ul>   |
|                                      | Dealing with proofs of debt                | <ul style="list-style-type: none"> <li>• Receipting and filing POD when not related to a dividend</li> </ul>  |
| <b>Dividend<br/>\$10,000.00</b>      | Processing proofs of debt                  | <ul style="list-style-type: none"> <li>• Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>• Receipt of POD</li> <li>• Maintain POD register</li> <li>• Adjudicating POD</li> <li>• Request further information from claimants regarding POD</li> <li>• Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>   |
|                                      | Dividend procedures                        | <ul style="list-style-type: none"> <li>• Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>• Obtain clearance from the ATO</li> <li>• Advertisement of intention to declare dividend</li> <li>• Preparation of dividend calculation</li> <li>• Preparation of correspondence to creditors announcing declaration of dividend</li> <li>• Preparation of distribution</li> <li>• Preparation of dividend file</li> <li>• Preparation of payment vouchers to pay dividend</li> <li>• Preparation of correspondence to creditors enclosing payment of dividend</li> </ul> |
| <b>Administration<br/>\$6,500.00</b> | Correspondence                             | <ul style="list-style-type: none"> <li>• Incoming and outgoing correspondence</li> </ul>  |
|                                      | Document maintenance/file review/checklist | <ul style="list-style-type: none"> <li>• Filing of documents</li> <li>• File review</li> <li>• Updating checklists</li> </ul>   |
|                                      | Directors                                  | <ul style="list-style-type: none"> <li>• Liaise with Directors regarding DOCA</li> <li>• Return of control of Company to the Directors at the conclusion of the DOCA</li> </ul>   |
|                                      | DOCA                                       | <ul style="list-style-type: none"> <li>• Attend to all matters relating to satisfying conditions for</li> </ul>   |



| Task Area          | General Description               | Includes  |
|--------------------|-----------------------------------|---|
|                    |                                   | effectuation of the DOCA <ul style="list-style-type: none"> <li>• Confirm removal and appointment of directors</li> <li>• Prepare documentation relating to share issuance by the Company in compliance with the terms of the DOCA</li> </ul>   |
|                    | Bank account administration       | <ul style="list-style-type: none"> <li>• Bank account reconciliations</li> <li>• Processing receipts and payments</li> <li>• Prepare correspondence closing accounts</li> </ul>   |
|                    | ASIC Forms                        | <ul style="list-style-type: none"> <li>• Preparing and lodging ASIC forms</li> </ul>  |
|                    | ATO and other statutory reporting | <ul style="list-style-type: none"> <li>• Preparing BAS</li> </ul>   |
|                    | Planning / Review                 | <ul style="list-style-type: none"> <li>• Discussions regarding status of administration</li> </ul>  |
|                    | Finalisation                      | <ul style="list-style-type: none"> <li>• Lodgements relating to transition of appointment from VA to DOCA</li> <li>• Lodgements relating to effectuation of the DOCA</li> <li>• Notifying ATO of finalisation</li> <li>• Completing checklists</li> <li>• Tasks associated with the finalisation of the administration</li> </ul> |
| <b>Total</b>       |                                   |   |
| <b>\$20,000.00</b> |                                   |   |

## SCHEDULE 7 – Liquidation – Resolution 6 – Commencement of the liquidation to its completion

| Task Area                           | General Description                       | Includes  |
|-------------------------------------|---|---|
| <b>Assets<br/>\$500.00</b>          | Sundry Debtors                            | <ul style="list-style-type: none"> <li>• Issue demand to PF1 and AFN regarding related party debts due</li> <li>• Receipt of response and consider options for recovery</li> </ul>  |
| <b>Creditors<br/>\$4,500.00</b>     | Creditor Enquiries, Requests & Directions | <ul style="list-style-type: none"> <li>• Receive and follow up creditor enquiries via telephone, post and email</li> <li>• Maintaining creditor enquiry register</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>   |
|                                     | Shareholders                              | <ul style="list-style-type: none"> <li>• Provide update to shareholders</li> <li>• Receive and respond to shareholder enquiries</li> </ul>  |
|                                     | Creditor reports                          | <ul style="list-style-type: none"> <li>• Prepare and issue first report to creditors regarding liquidation</li> <li>• Prepare and issue 3-month Statutory Report by Liquidator and lodge with ASIC</li> </ul>   |
|                                     | Dealing with proofs of debt               | <ul style="list-style-type: none"> <li>• Receipting and filing POD when not related to a dividend</li> </ul>  |
| <b>Investigation<br/>\$2,000.00</b> | Conducting investigation                  | <ul style="list-style-type: none"> <li>• Conduct further investigations into matters identified in the Administrator's detailed report to creditors</li> <li>• Preparation of investigation file</li> <li>• Lodgement of investigation with ASIC</li> <li>• Liaise with ASIC regarding statutory report</li> </ul>  |
| <b>Dividend<br/>\$10,000.00</b>     | Processing proofs of debt                 | <ul style="list-style-type: none"> <li>• Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>• Receipt of POD</li> <li>• Maintain POD register</li> <li>• Adjudicating POD</li> <li>• Request further information from claimants regarding POD</li> <li>• Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>   |
|                                     | Dividend procedures                       | <ul style="list-style-type: none"> <li>• Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>• Obtain clearance from the ATO</li> <li>• Advertisement of intention to declare dividend</li> <li>• Preparation of dividend calculation</li> <li>• Preparation of correspondence to creditors announcing declaration of dividend</li> <li>• Preparation of distribution</li> <li>• Preparation of dividend file</li> <li>• Preparation of payment vouchers to pay dividend</li> <li>• Preparation of correspondence to creditors enclosing payment of dividend</li> </ul> |

|                                      |  |   |
|--------------------------------------|--|---|
| <b>Administration<br/>\$3,000.00</b> | Correspondence                             | <ul style="list-style-type: none"> <li>• Incoming and outgoing correspondence</li> </ul>  |
|                                      | Document maintenance/file review/checklist | <ul style="list-style-type: none"> <li>• Filing of documents</li> <li>• File reviews</li> <li>• Updating checklists</li> </ul>  |
|                                      | Insurance                                  | <ul style="list-style-type: none"> <li>• Finalise insurance requirements</li> </ul>   |
|                                      | Bank account administration                | <ul style="list-style-type: none"> <li>• Preparing correspondence closing accounts</li> <li>• Bank account reconciliations</li> <li>• Processing receipts and payments</li> </ul> |
|                                      | ASIC Forms                                 | <ul style="list-style-type: none"> <li>• Preparing and lodging ASIC forms including 531, 5601, EX01, 5603 etc</li> </ul>  |
|                                      | ATO and other statutory reporting          | <ul style="list-style-type: none"> <li>• Preparing BAS</li> </ul>   |
|                                      | Planning / Review                          | <ul style="list-style-type: none"> <li>• Discussions regarding status of administration</li> </ul>  |
|                                      | Finalisation                               | <ul style="list-style-type: none"> <li>• Tasks associated with finalisation of the administration</li> </ul>  |
| <b>Total<br/>\$20,000.00</b>         |  |   |

# ANNEXURE G

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Summary of Receipts and Payments

## Summarised Receipts & Payments

### AUSTRALASIAN MORTGAGE FINANCE LIMITED

(Administrator Appointed)

Transactions From 03 November 2020 To 30 November 2020

| Account                                     | Net                 | GST           | Gross               |
|---|---------------------|---------------|---------------------|
| Cash at Bank                                | 258,838.94          | 0.00          | 258,838.94          |
| <b>Total Receipts (inc GST)</b>             | <b>\$258,838.94</b> | <b>\$0.00</b> | <b>\$258,838.94</b> |
| Bank Charges                                | 1.65                | 0.00          | 1.65                |
| <b>Total Payments (inc GST)</b>             | <b>\$1.65</b>       | <b>\$0.00</b> | <b>\$1.65</b>       |
| <b>Balance in Hand - By Bank Account</b>    |                     |               |                     |
| 212 Cheque Account                          |                     |               | 258,338.94          |
| 213 Pre-Appt CBA Business Transaction Accou |                     |               | 498.35              |
|   |                     |               | <b>\$258,837.29</b> |