

# Remuneration Approval Report

Miluc Pty Ltd (In Liquidation) IOR and ATFT MLG Trust  
ACN 084 459 987  
(Miluc)

1 October 2021



McGrathNicol

This remuneration approval report provides you with information to assist you to make an informed decision regarding the approval of our proposed remuneration for undertaking the liquidation of Miluc.

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# 1 Executive Summary

This remuneration approval report provides creditors with an update on the actual work performed by the Administrators and Liquidators of Miluc and estimated future work which is expected to be required.

Since Miluc's second meeting of creditors that was held on 1 July 2021 (**Second Meeting**), the Liquidators have spent an extensive amount of time:

- liaising and consulting with caveat holders, obtaining documentation from caveat holders and considering the competing security positions of Miluc's properties;
- assessing and dealing with ownership disputes in relation to Miluc's properties;
- liaising with sales and marketing agents to realise Miluc's properties, including reviewing proposals and responding to queries relating to Miluc's properties;
- causing the drafting and lodgement of the originating process supporting the application to Court relating to the method of distribution of funds to caveat holders from the realisation proceeds of Miluc's properties;
- liaising with third parties to further understand the affairs of Miluc and identify additional assets and recovery action, noting the lack of books and records provided post 2017 and the Director's continued failure to engage with the Liquidators; and
- liaising and reporting to ASIC regarding the Director's non-compliance and completing a statutory affidavit regarding same.

In addition, between 23 June 2021 to 1 July 2021, the Administrators spent more time than anticipated (i) dealing with caveats registered against Miluc's properties, (ii) responding to creditor enquires, and (iii) preparing for and attending the Second Meeting.

The above actions have caused the Liquidators to exceed previously approved remuneration of \$35,000 and \$150,000 for respective Administration and Liquidation periods. Accordingly, we are seeking additional remuneration approvals from creditors in respect of the additional work that has already been done and the estimated future work required to be done.

We estimate that the total cost of this liquidation will be between \$500,000 and \$572,273. This has increased from my previous estimate because of work streams detailed above.

We do not anticipate an additional remuneration approval request in this liquidation, assuming:

- the Liquidators are not required to materially engage further regarding ownership disputes in relation to Miluc's properties;
- ASIC do not require the Liquidators to prepare a detailed supplementary report subsequent to lodging the Liquidators' preliminary report pursuant to section 533 of the Act;
- the Director and Former Director co-operate with the Liquidators, reducing reliance on third parties;
- litigation against the Director and Former Director is not required;
- no further assets of Miluc are identified;
- no unforeseen circumstances materialise in relation to the settlement of Miluc's properties; and
- adjudication of creditor claims are not contested or disputed.

## 2 Declaration

We have undertaken an assessment of this remuneration claim in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is necessary and proper.

We have reviewed the work in progress report for the liquidation to ensure that remuneration is only being claimed for necessary and proper work performed and have made write offs relating to:

- team meetings and job checklist reviews;
- document maintenance; and
- rework and staff inefficiencies.

## 3 Remuneration sought

The remuneration we are asking creditors to approve is as follows:

Remuneration for	Period	Amount (ex GST)	Rates to apply	When it will be drawn
Work I have already done – Voluntary Administration	29 June 2021 to 1 July 2021	\$21,907	Provided in my Initial Remuneration Notice sent to creditors on 31 May 2021.	Immediately, when funds are available.
Work I have already done – Liquidation	11 August 2021 to 24 September 2021	\$123,188	Provided in my Initial Remuneration Notice sent to creditors on 31 May 2021.	Immediately, when funds are available.
Future work - Liquidation	25 September 2021 to finalisation	\$100,000	Refer to Schedule A.	Monthly, when funds are available.
<b>Total</b>		<b>\$245,095</b>		

Details of the work already done and future work that we intend to do are included at Schedule A.

Actual work required to be done in relation to the estimate of work from 23 June 2021 to 1 July 2021 exceeded the amount approved by creditors by \$21,907. This was predominantly due to time taken and work required to (i) deal with caveats registered against Miluc's properties, (ii) respond to creditor enquires and (iii) prepare for and attend the Second Meeting.

Schedule B includes a breakdown of time spent by the appointees and staff members on each major task for work we have already done.

Actual resolutions are detailed below for your information. These resolutions also appear in the proposal forms provided to you.

**Work I have already done:** from 29 June 2021 to 1 July 2021

"That the remuneration of the Administrators for the period 29 June 2021 to 1 July 2021, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 31 May 2021, is determined in the sum of \$21,907, exclusive of GST."

**Work I have already done:** from 11 August 2021 to 24 September 2021

"That the remuneration of the Administrators for the period 11 August 2021 to 24 September 2021, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 31 May 2021, is determined in the sum of \$123,188 exclusive of GST."

**Future work:** from 25 September 2021 to completion

"That the future remuneration of the liquidators from 25 September 2021 to finalisation of the liquidation is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 31 May 2021, up to a capped amount of \$100,000, exclusive of GST."

#### 4 Disbursements sought

We are not required to seek creditor approval for costs paid to third parties, or where we are recovering a cost incurred on behalf of the administration, but we must provide details to creditors. Details of these amounts are included in Schedule C.

#### 5 Previous remuneration approval

The following remuneration approvals have previously been provided by creditors.

Period	For	Approving body	Amount approved (ex GST)	Amount paid (ex GST)
26 May 2021 to 22 June 2021	Work already done	Creditors	\$142,178	Nil
23 June 2021 to 1 July 2021	Future work	Creditors	\$35,000	Nil
Prospective liquidation work	Future work	Creditors	\$150,000	Nil
<b>Total</b>			<b>\$327,178</b>	<b>Nil</b>

I am now seeking approval of a further \$245,095 (excluding GST) in remuneration, which will bring total remuneration claimed in this appointment to \$572,273 (excluding GST).

A full explanation is at Schedule E.

#### 6 Likely impact on dividends

It is both reasonable and appropriate for a professional service provider to be remunerated for their services. An external administrator is entitled to be remunerated for necessary work that is properly performed. That work generates the funds that may be recovered for the benefit of creditors and other stakeholders.

The impact of the approval of the external administrator's remuneration is that the remuneration will then be paid provided sufficient funds are generated to enable it to be paid. The remuneration will be paid from those funds that are generated prior to the payment of most creditors in the external administration.

It is noted that funds would only be available to any stakeholder as a consequence of the work necessarily undertaken by the external administrator.

If a dividend or distribution is to be paid to stakeholders, there is also necessary work that must be undertaken by the external administrator to properly adjudicate on claims and distribute any available funds.

## 7 Queries

If you have any queries regarding the information in this report, please contact Jacob Flores on (08) 6363 7686 or [jflores@mcgrathnicol.com](mailto:jflores@mcgrathnicol.com).

You can also access information that 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 "INFO 85").

Further supporting documentation for our remuneration claim can be provided to creditors on request.

Dated: 1 October 2021



Rob Kirman  
*Liquidator*

Attachments:

Schedule A – Details of work

Schedule B – Time spent by staff on each major task

Schedule C – Disbursements

Schedule E – Explanation where remuneration previously approved

## Schedule A – Details of work

		Work already done
<b>Period</b>		29 June 2021 to 1 July 2021
<b>Amount (ex GST)</b>		\$21,907
<b>Task Area</b>	<b>General Description</b>	<b>Tasks</b>
Assets 7 hours \$3,215	Assets subject to specific charges and security interests	Consider Telstra / Optus Tower located at Eden Hill property and write to relevant parties of same Cause solicitors to issue lapsing notices in relation to two caveats Review and consider priority position of caveat holders Maintain summary of properties including location, type, sale status, valuations and security Review submissions from property sales agents, and prepare and maintain comparison schedule
	Asset investigation	Correspondence with share registries to search for any shares held by Miluc
Creditors 39.9 hours \$17,982	Creditor enquiries, requests & directions	Receive and respond to creditor enquiries Compile information requested by creditors Liaise with utility providers
	Secured creditor	Prepare updates to secured creditors with regard to the progress of the administration and preparation for the Second Meeting Attend meetings and calls with secured creditors
	Deal with proofs of debt (POD)	Receive and review PODs from claimants and obtain additional information where required
	Meeting of creditors	Prepare for Second Meeting, including meeting file, presentation and electronic facilities Prepare online voting for the Second Meeting Respond to stakeholder queries and questions regarding the meeting Attendance at Second Meeting
Administration 1.8 hours \$711	Document maintenance/file review/checklist	Maintain physical and electronic engagement file Update checklists
	Planning/Review	Team meetings to discuss status of external administration

		<b>Work already done</b>
<b>Period</b>		11 August 2021 to 24 September 2021
<b>Amount (ex GST)</b>		\$123,188
<b>Task Area</b>	<b>General Description</b>	<b>Tasks</b>
Assets 153.0 hours \$76,729	Assets subject to specific charges and security interests	<p>Liaise with caveat holders regarding their claims</p> <p>Consider security positions against Miluc's properties</p> <p>Consider and investigate competing ownership interests in Miluc's properties</p> <p>Prepare for and attend meetings with caveat holders</p> <p>Liaise with caveat holders regarding proposed distribution method in relation to the realisation of Miluc's properties</p> <p>Review and prepare affidavit and supporting material relating to realisation strategy for Miluc's properties and distribution methodology</p> <p>Review certificate of urgency in relation to the abovementioned affidavit</p> <p>Regularly review updates provided by the sales agent and agree proposed next steps in relation to property realisation strategy</p> <p>Review marketing materials prepared by sales agents</p> <p>Prepare and maintain summary of properties including location, type, sale status and security</p> <p>Liaise with pre-appointment sales agents in relation to purchasers introduced</p> <p>Review pre-appointment property sale contracts, liaise with potential purchasing parties and negotiate improvements (where possible)</p> <p>Consider Telstra / Optus Tower located at Eden Hill property and continue to liaise with relevant parties of same</p> <p>Update the secured creditors regarding asset position</p> <p>Correspondence with Westpac in relation to their purported security interest in assets of Miluc</p> <p>Issue correspondence to statutory authorities with potential interests in Miluc's real property assets</p> <p>Team meetings regarding various asset realisation tasks</p> <p>Investigate and prepare margin scheme memorandum and supporting documentation in relation to the Hammond Park Development</p> <p>Consider RCD and electrical safety check requirements in relation to the sale of Miluc's properties</p> <p>Consider fire break requirements in relation to Miluc's properties</p> <p>Review offer and acceptance contracts, negotiate improvements where applicable and execute as appropriate</p> <p>Prepare for and attend the settlement of Lot 715, Hammond Park, including approval of settlement statement and transfer documentation, and obtaining necessary releases from caveat holders and NAB</p>

	Asset investigation	<p>Prepare further correspondence to share registries to search for any shares held by Miluc</p> <p>Prepare additional correspondence to the Department of Transport to search for vehicles registered (and formerly registered) to Miluc</p> <p>Prepare correspondence to third parties to obtain records regarding the sales of motor vehicles in the last four years and subsequent correspondence regarding same</p> <p>Prepare correspondence to related parties of the Director in relation to transfers of Miluc's assets and consider next steps</p> <p>Review and consider correspondence provided by related parties of the Director in relation to transfers of Miluc's assets</p> <p>Review bank statements to attempt to identify receipts for asset sales</p> <p>Review books and records provided by Kensington Tax and Accounting to identify any additional assets of Miluc</p> <p>Prepare correspondence to local councils and shires to identify and secure assets of Miluc</p>
<p>Creditors</p> <p>50.5 hours</p> <p>\$22,963</p>	Creditor enquiries, requests & directions	<p>Receive and respond to creditor enquiries</p> <p>Prepare and issue correspondence to creditors and their representatives</p> <p>Compile information requested by creditors</p>
	Miluc property creditors	<p>Receive and respond to creditor queries in relation to specific Miluc properties</p> <p>Receive and respond to queries from property conveyancers and property brokers acting on behalf of creditors in relation to specific Miluc properties</p>
	Secured creditor	<p>Prepare regular updates to secured creditors with regard to the progress of the liquidation</p> <p>Attend meetings and calls with the secured creditors</p> <p>Preparation of funding request to National Australia Bank to support asset preservation</p>
	Creditor reports	<p>Prepare Statutory Report by Liquidators and supporting documentation, including this Remuneration Report</p>
	Deal with PODs	<p>Receive and review PODs from claimants</p>

Investigation 36.0 hours \$15,906	Conduct investigations	<p>Review Miluc's bank statements for payments that may be unfairly preferential in nature</p> <p>Prepare correspondence to financial institutions to receive detailed information regarding payments that may be preferential in nature</p> <p>Correspondence with third parties to obtain Miluc's books and records</p> <p>Conduct a review of the limited records in the Liquidators' possession to form a preliminary view on the insolvency of Miluc</p> <p>Prepare preliminary analysis on potential insolvent trading claim for both the Director and Former Director</p> <p>Consider the recent correspondence the Director has provided to local councils in relation to bonds held</p> <p>Review correspondence provided by the Director's legal representative</p> <p>Preliminary investigation into potential breaches of directors' duties</p> <p>Prepare investigations workpaper</p>
	ASIC reporting	<p>Seek assistance from ASIC to obtain ROCAP and books and records from the Director</p> <p>Prepare affidavit in relation to failure of the Director to engage with the Liquidators</p> <p>Liaise with ASIC in relation to the Director's ongoing non-compliance</p>
	Books and records	<p>Review of Miluc's electronic accounting records</p> <p>Liaise with pre-appointment accountant to secure all paper books and records held</p>
Administration 18.5 hours \$7,590	Document maintenance/file review/checklist	<p>Maintain physical and electronic engagement file</p> <p>Regularly update checklists</p>
	Bank account administration	<p>Prepare correspondence to open accounts</p> <p>Request bank statements</p> <p>Perform bank account reconciliations</p> <p>Prepare payments and receipts</p> <p>Correspond with bank regarding specific transfers</p> <p>File bank statements</p>
	ASIC forms	<p>Prepare and lodge ASIC forms</p>
	ATO and other statutory reporting	<p>Prepare BAS</p> <p>Liaise with ATO regarding liquidation appointment</p> <p>Consider and implement GST recording regarding residential/commercial nature of each specific Miluc property</p>
	Planning/Review	<p>Discuss status of external administration</p> <p>Conduct regular WIP reviews</p>

		<b>Future work</b>
<b>Period</b>		25 September 2021 to completion
<b>Amount (ex GST)</b>		\$100,000
<b>Task Area</b>	<b>General Description</b>	<b>Tasks</b>
Assets \$57,500	Assets subject to specific charges and security interests	<p>Finalise realisation for each of Miluc's properties, including settlement procedures</p> <p>Consider offers and negotiate with potential purchasers of Miluc's properties</p> <p>Prepare and review transaction documents</p> <p>Review and approve settlement statements in relation to the sale of Miluc's properties</p> <p>Correspondence with Telstra and Optus regarding settlement of the Eden Hill property</p> <p>Engagement with tenants of Kenwick properties as required</p> <p>Further engagement with the Director to obtain possession of assets of Miluc (if required)</p> <p>Maintain caveat holder distribution methodology schedule</p> <p>Adjudicate and liaise with caveat holders regarding submitted proof of debt forms</p> <p>Calculate and distribute proceeds from the sale of Miluc's properties to creditors in accordance with Court Orders</p> <p>Distribution to caveat holders in accordance with Court Orders</p>
	Asset Investigations	<p>Issue correspondence to third parties to ascertain asset position and provide any records that may assist in verifying the asset position of Miluc</p> <p>Prepare correspondence to related parties of the Director in relation to transfers of Miluc's assets</p> <p>Prepare further correspondence to unrelated parties to understand motor vehicle transactions</p> <p>Finalise investigations regarding the transfer of motor vehicles to related parties and commence action, if appropriate</p> <p>Investigate transfer of motor vehicles prior to the Administrators' appointment and recover any motor vehicles that were not disposed of in arm's length transactions</p> <p>Prepare correspondence to the Director regarding transfers of company assets</p>
	Plant and Equipment	Engage valuers and agents, as may be required, to realise any additional plant and equipment owned by Miluc
	Other Assets	<p>Engage relevant parties, agents and/or solicitors if other assets are discovered through the investigation process</p> <p>Engage with statutory authorities to secure assets held by statutory authorities</p>

Creditors \$15,000	Creditor Enquiries, Requests & Directions	<p>Prepare and issue ongoing correspondence to creditors and their representatives</p> <p>Consider reasonableness of any requests or directions from creditors for information, documents or a report and document reasons for not complying (if required)</p> <p>Compile information requested by creditors</p>
	Secured creditors	<p>Prepare regular updates to the secured creditors regarding the progress of the liquidation</p> <p>Attend meetings and calls with the secured creditors</p>
	Creditor reports	<p>Prepare Statutory Report by Liquidator, including supporting documentation, and respond to any creditor enquires regarding same</p>
	Deal with proofs of debt (POD)	<p>Receive PODs from claimants</p>
	Meeting of Creditors (if required)	<p>Prepare and send meeting notices</p> <p>Advertise notice of meeting</p> <p>Prepare meeting file</p> <p>Prepare and lodge minutes of meeting(s) with ASIC</p> <p>Respond to stakeholder queries and questions following the meeting</p>
	Proposals to Creditors	<p>Prepare proposal notices and voting forms</p> <p>Forward notice of proposal to all known creditors</p> <p>Review votes and determine outcome of proposal</p> <p>Prepare and lodge proposal outcome with ASIC</p>
Investigation \$17,500	Conduct investigations	<p>Review any additional books and records provided by third parties</p> <p>Liaise with financial institutions regarding transactions that appear preferential in nature</p> <p>Further investigations into transaction that may be unfairly preferential in nature</p> <p>Correspond with local councils and shires regarding Miluc's affairs and confirm with the Shire of Wanneroo whether any cash and/or bonds are held on behalf of Miluc</p> <p>Finalise investigations into insolvent trading and commence action against Director and Former Director, if appropriate</p> <p>Finalise potential investigations into potential breaches of Directors' duties and potential claims available to a liquidator</p> <p>Finalise investigations workpaper</p>
	ASIC reporting	<p>Prepare report to ASIC pursuant to section 533 of the Act</p> <p>Prepare affidavit(s) seeking non-lodgement assistance</p> <p>Liaise with ASIC if required</p>

Administration \$10,000	Correspondence	Review and file creditor correspondence (if required)
	Document maintenance/file review/checklist	Conduct regular file reviews Maintain physical and electronic engagement file Update checklists
	Insurance	Correspond with insurer regarding ongoing insurance requirements Review insurance policies Correspond with previous brokers (if necessary)
	Bank account administration	Prepare correspondence to close accounts Request bank statements (if required) Perform bank account reconciliations Correspond with bank regarding specific transfers
	ASIC forms	Prepare and lodge ASIC forms Correspond with ASIC regarding statutory forms
	ATO and other statutory reporting	Prepare BAS
	Finalisation	Notify ATO of ceasing to act Cancel ABN/GST/PAYG registration Complete checklists
	Planning/Review	Regular team meetings to discuss the status of the Liquidation
	Books and records/storage	File and archive books and records Send job files to storage

## Schedule B – Time spent by staff on each major task (work already done)

Resolution 1: from 29 June 2021 to 1 July 2021

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area					
					Assets		Creditors		Administration	
					hrs	\$	hrs	\$	Hrs	\$
Rob Kirman	Partner	650	4.0	2,600	1.5	975	2.5	1,625	-	-
Employee A	Director	600	6.3	3,780	1.0	600	5.3	3,180	-	-
Employee B	Manager	495	12.2	6,039	1.9	941	10.3	5,099	-	-
Employee C	Senior Accountant	395	22.0	8,690	1.0	395	19.2	7,584	1.8	711
Employee D	Undergraduate accountant	190	4.2	798	1.6	304	2.6	494	-	-
Employee E	Treasury	350	-	-	-	-	-	-	-	-
Employee F	Treasury	350	-	-	-	-	-	-	-	-
<b>Total (ex GST)</b>			<b>48.7</b>	<b>21,907</b>	<b>7.0</b>	<b>3,215</b>	<b>39.9</b>	<b>17,982</b>	<b>1.8</b>	<b>711</b>
<b>Average hourly rate</b>				<b>450</b>		<b>459</b>		<b>451</b>		<b>395</b>

**Resolution 2: from 11 August 2021 to 24 September 2021**

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area							
					Assets		Creditors		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	Hrs	\$
Rob Kirman	Partner	650	20.2	13,130	18.8	12,220	1.3	845	0.1	65	-	-
Employee A	Director	600	37.1	22,260	29.9	17,940	4.8	2,880	2.1	1,260	0.3	180
Employee B	Manager	495	88.2	43,659	54.9	27,176	17.0	8,415	12.3	6,089	4.0	1,980
Employee C	Senior Accountant	395	108.9	43,016	48.0	18,960	27.4	10,823	21.5	8,493	12.0	4,740
Employee D	Accountant	325	-	-	-	-	-	-	-	-	-	-
Employee E	Accountant	325	1.0	325	1.0	325	-	-	-	-	-	-
Employee F	Undergraduate accountant	190	0.7	133	0.2	38	-	-	-	-	0.5	95
Employee G	Treasury	350	1.6	560	-	-	-	-	-	-	1.6	560
Employee H	Treasury	350	0.3	105	0.2	70	-	-	-	-	0.1	35
<b>Total (ex GST)</b>			<b>258.0</b>	<b>123,188</b>	<b>153.0</b>	<b>76,729</b>	<b>50.5</b>	<b>22,963</b>	<b>36.0</b>	<b>15,906</b>	<b>18.5</b>	<b>7,590</b>
<b>Average hourly rate</b>				<b>477</b>		<b>501</b>		<b>455</b>		<b>442</b>		<b>410</b>

## Schedule C – Disbursement

### Costs paid to third parties

Costs paid to third parties are recovered at cost. Creditors are not required to approve these types of costs, but details are provided to account to creditors, including the basis of charging for these types of costs. Creditors are entitled to question the incurring of the costs and can challenge the costs in Court.

The following costs have been paid by McGrathNicol to third parties and relate to this appointment. These amounts will be reimbursed to McGrathNicol at cost from the Liquidation bank account:

Costs paid to third parties for the period 26 May 2021 to 31 August 2021	Amount (\$) (GST exclusive)
Searches (primarily Landgate)	\$1,472.82
Staff vehicle use (\$0.72 per km)**	\$205.92
Document storage	\$4.19
<b>Total</b>	<b>\$1,682.93</b>

\* Payable when partners or staff are required for business purposes to stay away from their usual place of residence overnight.

\*\* These rates are deemed reasonable by the Australian Taxation Office.

\*\*\* This levy is charged by ASIC and is based on the number of notifiable events in a financial year directly related to this liquidation. Notifiable events include notices published on ASIC's published notices website and some documents lodged with ASIC.

Future costs provided by McGrathNicol will be charged to the external administration on the following basis:

Cost type	Rate (GST exclusive)
Postage	At cost
Stationery and other incidental disbursements	At cost
Conference call phone charges	At cost
Searches	At cost
Advertising	At cost
Courier	At cost
Staff per diem travel allowance*	\$89.00 per day**
Staff vehicle use	\$0.72 per km**
ASIC user pays levy***	At cost

\* Payable when partners or staff are required for business purposes to stay away from their usual place of residence overnight.

\*\* These rates are deemed reasonable by the Australian Taxation Office.

\*\*\* This levy is charged by ASIC and is based on the number of notifiable events in a financial year directly related to this liquidation. Notifiable events include notices published on ASIC's published notices website and some documents lodged with ASIC.

### Further explanation of data hosting costs

In the conduct of this liquidation, we may use McGrathNicol's Forensic Technology team to extract, aggregate, electronically process and/or host electronic data, which could be used for the:

- trade or sale of the business or assets; and/or
- investigations regarding transactions or potential recoveries available to creditors.

If data hosting is required and we choose not to use the services of McGrathNicol's Forensic Technology team, we will otherwise have to purchase those services from an alternative provider and/or use another method to achieve the same end, which will not be as efficient as using these available internal services.

We note that the data hosting rates above are no more than our standard commercial pricing available for the same services when they are provided to external parties.