
Remuneration Approval Report

Miluc Pty Ltd (Administrators Appointed) IIOR and ATFT

MLG Trust

ACN 084 459 987

(Miluc)

24 June 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 Voluntary Administration of Miluc.

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1 Executive Summary

We are asking creditors to approve the following remuneration and disbursements:

Current approvals	Remuneration (ex GST)	Disbursements (ex GST)
Voluntary Administration	\$177,178	N/A
If company is liquidated	\$150,000	\$1,000

Details of remuneration and disbursements can be found in sections 3 and 4 of this report.

Creditors will be asked to approve our remuneration at the meeting on 1 July 2021.

We estimate that the total cost of this Voluntary Administration will be \$177,178. This has increased from our previous estimate primarily due to:

- difficulties contacting the Director of Miluc;
- difficulties obtaining Miluc's books and records; and
- the complexity of competing caveat interests.

Assuming all creditor claims can be resolved in the next 4 to 6 weeks, we expect this will be our final remuneration request. Where protracted negotiations are required to resolve disputes, further approvals may be required.

2 Declaration

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

We have reviewed the work in progress report for the Voluntary Administration to ensure that remuneration is only being claimed for necessary and proper work performed and have made adjustments (write-offs) to the value of \$5,324, relating to:

- employee inefficiencies;
- on-the-job training; and
- time spent making necessary amendments, modifications and revisions to work that had already been produced.

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 we have already done	26 May 2021 to 22 June 2021	\$142,178	Provided in the Initial Remuneration Notice sent to creditors on 31 May 2021.	Immediately, when funds are available.
Future work to meeting date	23 June 2021 to 1 July 2021	\$35,000	Provided in the Initial Remuneration Notice sent to creditors on 31 May 2021.	Immediately, when funds are available.
Voluntary Administration total		\$177,178		
Future work – Liquidation	1 July 2021 to finalisation of liquidation	\$150,000	Provided in the Initial Remuneration Notice sent to creditors on 31 May 2021.	Monthly, when funds are available.
Liquidation total		\$150,000		

Details of the work already done, as well as work that is required to be done, are included at Schedule A.

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 to be put to the meeting are detailed below for your information. These resolutions also appear in the proxy form for the meeting provided to you.

Work we have already done: from 26 May 2021 to 22 June 2021

“That the remuneration of the Administrators for the period 26 May 2021 to 22 June 2021, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 31 May 2021, is determined in the sum of \$142,178, exclusive of GST.”

Future work: from 23 June 2021 to 1 July 2021

“That the future remuneration of the Administrators from 23 June 2021 to 1 July 2021, is determined at a sum equal to the cost of time spent by the Administrators 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 \$35,000, exclusive of GST.”

Future work: from 1 July 2021 to finalisation of the liquidation

“That the future remuneration of the Liquidators for the period 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 \$150,000, 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.

We are required to obtain creditors' consent for the payment of a disbursement where we, or a related entity of ourselves, may directly, or indirectly, obtain a profit.

For more information about disbursements, please refer to the Initial Remuneration Notice sent to you on 31 May 2021.

The disbursements we would like creditors to approve are as follows:

For	Period	Amount (ex GST)
Future disbursements	1 July 2021 to finalisation of the liquidation	\$1,000
Total		\$1,000

Details of the future disbursements are included at Schedule C.

Actual resolutions to be put to the meeting are detailed below. These resolutions also appear in the proxy form for the meeting provided to you.

Future disbursements: from 1 July 2021 to finalisation of the liquidation

"That the future internal disbursements (that may have an element of profit or advantage to a related party) of the Liquidator for the period of the liquidation, calculated at the rates as detailed in the Initial Remuneration Notice dated 31 May 2021, are approved up to a capped amount of \$1,000, exclusive of GST."

5 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 during a subsequent appointment, there is also necessary work that must be undertaken by the external administrator to properly adjudicate on claims and distribute any available funds.

6 Summary of receipts and payments

To date, there have been no receipts or payments in this Administration.

7 Queries

If you have any queries regarding the information in this report, please contact Sam Saker on (08) 6363 7634.

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "INFO 85").

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

Dated: 24 June 2021



Rob Kirman
Administrator

Attachments:

Schedule A – Details of work

Schedule B – Time spent by staff on each major task

Schedule C – Disbursements

Schedule A – Details of work

		Work already done
Period		26 May 2021 to 22 June 2021
Amount (ex GST)		\$142,178
Task Area	General Description	Tasks
Assets 142.8 hours \$71,197	Assets subject to specific charges and security interests	<p>Liaise with caveators, obtain documentation and consider the competing security position of Miluc's properties</p> <p>Liaise with sales and marketing agents to develop an appropriate realisation strategy for each of Miluc's 20 properties, including reviewing proposals and responding to queries relating to Miluc's properties</p> <p>Liaise with secured creditors to obtain information relating to the properties</p> <p>Prepare summary of properties including location, type, sale status and security</p> <p>Correspondence with utility providers to determine any accounts registered to Miluc</p> <p>Liaise with tenants of Kenwick Properties in relation to ongoing arrangements</p> <p>Obtain security documentation from NAB to confirm valid and enforceable</p> <p>Liaise with valuers to arrange for inspection of properties and review draft valuation reports</p> <p>Inspect all properties upon appointment</p> <p>Issue correspondence to Director to obtain possession of assets of Miluc, including a motor vehicle</p> <p>Update the secured creditors regarding asset position</p> <p>Consider and investigate competing ownership interests in Miluc's real property assets</p> <p>Review and consider priority position of caveators</p> <p>Review pre-appointment property sale contracts and liaise with potential purchasers</p> <p>Correspondence with Westpac in relation to their purported security interest in assets of Miluc</p> <p>Consider Telstra / Optus Tower located at Eden Hill property and write to relevant parties of same</p> <p>Issue correspondence for statutory authorities with potential interests in Miluc's real property assets</p> <p>Search the PPS register</p>

		<p>Arrange for property insurance and provide additional documentation for brokers as required</p> <p>Team meetings regarding various asset realisation tasks</p>
	Asset investigation	<p>Correspondence with third parties to obtain records and understand Miluc's asset position</p> <p>Correspondence with the Department of Transport to search for vehicles registered (and formerly registered) to Miluc</p> <p>Correspondence with share registries to search for any shares held by Miluc</p> <p>Conduct land titles searches</p> <p>Review depreciation schedule provided by pre-appointment accountant</p> <p>Review trust deed and consider any ipso facto clauses</p>
<p>Creditors</p> <p>103.3 hours</p> <p>\$46,521</p>	Creditor Enquiries, Requests & Directions	<p>Receive and respond to creditor enquiries</p> <p>Prepare and issue initial correspondence to creditors and their representatives</p> <p>Compile information requested by creditors</p> <p>Upload correspondence to McGrathNicol website</p>
	Secured creditor	<p>Prepare regular updates to secured creditors with regard to the progress of the administration</p> <p>Attend meetings and calls with the secured creditors</p> <p>Notify PPSR registered creditors of our appointment</p>
	Creditor reports	<p>Prepare and issue first report to creditors, including Declaration of Relevant Relationships and Indemnities</p> <p>Prepare Administrators' Report and convene second meeting of creditors</p>
	Deal with proofs of debt (POD)	<p>Receive and review PODs from claimants</p>
	Meeting of Creditors	<p>Prepare and issue first meeting notices</p> <p>Prepare first meeting file</p> <p>Prepare and lodge minutes of first meeting with Australian Securities and Investments Commission (ASIC)</p> <p>Hold the first meeting of creditors</p> <p>Respond to stakeholder queries and questions following the meeting</p>
<p>Investigation</p> <p>27.3 hours</p> <p>\$11,448</p>	Conduct investigations	<p>Send initial and subsequent requests to the Director for Report on Company Activities & Property (ROCAP)</p> <p>Obtain and review Miluc's bank statements for payments that may be unfairly preferential in nature</p> <p>Obtain and review records from the DoT for transactions that may be voidable by the Liquidators</p>

		<p>Conduct a review of the limited records in the Administrators' possession to form a preliminary view on the insolvency of Miluc</p> <p>Preliminary investigation into potential breaches of directors' duties</p> <p>Correspondence with third parties to obtain Miluc's books and records</p> <p>Write to accounting software providers to obtain Miluc's electronic accounting records</p> <p>Obtain and consider settlement statements relating to Miluc's previously owned property</p> <p>Prepare investigations workpaper</p>
	ASIC reporting	Seek assistance from ASIC to obtain ROCAP and books and records from the Director
<p>Administration</p> <p>31.1 hours</p> <p>\$13,014</p>	Correspondence	Issue notification of the Administrators' appointment to Miluc and the Director
	Document maintenance/file review/checklist	Maintain physical and electronic engagement file Regularly update checklists
	Bank account administration	Request bank statements Set up an administration bank account
	ASIC forms	Notify ASIC of our appointment Prepare and lodge ASIC forms Prepare notices for the ASIC Published Notices Website
	ATO and other statutory reporting	Notify the ATO of the Administrators' appointment Notify other statutory authorities of appointment
	Planning/Review	Team meetings to discuss status of external administration

		Future work to meeting date
Period		23 June 2021 to 1 July 2021
Amount (ex GST)		\$35,000
Task Area	General Description	Tasks
Assets \$13,000	Assets subject to specific charges and security interests	<p>Engage with sales and marketing agents to finalise proposed realisation strategy for each of Miluc's 20 properties</p> <p>Obtain, review and consider Westpac's security documentation on receipt to confirm their security interest is valid and enforceable, and any assets subject to charge</p> <p>Respond to any ongoing insurance queries from the Administrators' insurance broker</p> <p>Liaise with caveators to understand the security and priority position in relation Miluc's properties</p> <p>Engage with valuers to finalise valuation reports</p> <p>Update secured creditors regarding asset position and respond to secured creditor queries</p> <p>Liaise with pre-appointment purchasers and attend to their queries</p>
Creditors \$12,250	Creditor Enquiries, Requests & Directions	<p>Receive and respond to creditor enquiries in relation to the Administrators' Report or of any other nature</p> <p>Upload correspondence to creditors on the McGrathNicol website</p> <p>Compile information requested by creditors</p> <p>Attend meetings and calls with secured creditors</p> <p>Respond to secured creditor queries</p>
	Deal with proofs of debt (POD)	Receive PODs from claimants
	Meeting of Creditors	<p>Finalise Administrators' report</p> <p>Prepare and issue notices for second meeting of creditors</p> <p>Advertise notice of second meeting of creditors</p> <p>Prepare file for second meeting of creditors</p> <p>Preparation of agenda and meeting presentation for second meeting of creditors</p> <p>Hold the second meeting of creditors</p>
Investigation \$1,000	Conduct investigations	Liaise with various entities to obtain Miluc's books and records
	ASIC reporting	Liaise with ASIC to obtain ROCAP and books and records from the Director

Administration \$8,750	Document maintenance/file review/checklist	Maintain physical and electronic engagement file Update checklists
	ASIC forms	Prepare and lodge ASIC forms Issue notice on the ASIC Published Notice Website
	Planning/Review	Hold team meetings to discuss status of external administration and next steps
	Books and records/storage	File and archive books and records Maintain records listing

Liquidation work		
Period		1 July 2021 to finalisation of the liquidation
Amount (ex GST)		\$150,000
Task Area	General Description	Tasks
Assets \$100,000	Assets subject to specific charges and security interests	<p>Finalise and implement an appropriate realisation strategy for each of Miluc's 20 properties</p> <p>Obtain, consider and confirm the security / ownership position of the various competing security interests against the properties held by Miluc</p> <p>Consider offers and negotiate with potential purchasers of Miluc's real property assets</p> <p>Engagement with tenants of Kenwick properties as required</p> <p>Consider and settle (if appropriate) pre-appointment sales contracts</p> <p>Further engagement with the Director to obtain possession of assets of Miluc, including a motor vehicle</p> <p>Understand and consider tax implications in relation to property sales</p> <p>Liaise with valuers in relation to final reports and any additional queries that arise during sales & marketing process</p> <p>Obtain and consider documentation in relation to the Telstra / Optus Tower located at Eden Hill property</p> <p>Update the secured creditors regarding asset position</p> <p>Team meetings regarding various asset realisation tasks</p> <p>Prepare and review transaction documents</p> <p>Respond to any ongoing insurance queries from the Administrators' insurance broker</p> <p>Issue correspondence to third parties to ascertain asset position and provide any records that may assist in verifying the asset position of the Miluc</p>
	Plant and Equipment	Engage valuers and agents, as may be required, to realise the vehicle and 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>Consider responses from share registries in relation to any shares held by Miluc</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	Prepare regular updates to the secured creditors regarding the progress of the administration Attend meetings and calls with the secured creditors
	Creditor reports	Prepare and issue Statutory Report by Liquidator
	Deal with proofs of debt (POD)	Receive PODs from claimants
	Second meeting of creditors	Prepare and lodge minutes of second meeting of creditors with ASIC
	Meeting of Creditors(if requested)	Prepare and issue meeting notices Advertise notice of meeting Prepare meeting file Prepare and lodge minutes of any additional meetings with ASIC Respond to stakeholder queries and questions following the meeting
	Proposals to Creditors	Prepare proposal notices and voting forms Forward notice of proposal to all known creditors Review votes and determine outcome of proposal Prepare and lodge proposal outcome with ASIC
Investigation \$25,000	Conduct investigations	Obtain and review Miluc's books and records Finalise investigations into insolvent trading and commence action against Director and Former Director, if appropriate Review specific transactions and liaise with the Director regarding certain transactions 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 Investigate potential breaches of directors' duties and potential claims available to a liquidator Prepare comparative financial statements Finalise investigations workpaper
	ASIC reporting	Seek assistance from ASIC to obtain ROCAP and books and records from the Director Prepare report to ASIC pursuant to section 533 of the Act Prepare affidavits seeking non-lodgement assistance Liaise with ASIC if required
Administration \$10,000	Document maintenance/file review/checklist	Conduct six monthly file reviews Maintain physical and electronic engagement file Update checklists
	Bank account administration	Request additional bank statements (if required)

	<p>Perform bank account reconciliations</p> <p>Correspond with bank regarding specific transfers</p> <p>Prepare correspondence to close accounts</p>
ASIC forms	<p>Prepare and lodge ASIC forms including the form 505, form 5602 and form 5603</p> <p>Correspond with ASIC regarding statutory forms</p>
ATO and other statutory reporting	<p>Notify ATO of ceasing to act</p> <p>Prepare BAS</p>
Finalisation	<p>Cancel ABN/GST registration</p> <p>Complete checklists</p>
Planning/Review	<p>Regular team meetings to discuss the status of the Liquidation</p>
Books and records/storage	<p>File and archive books and records</p> <p>Send job files to storage</p>

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

Resolution 1: from 26 May 2021 to 22 June 2021

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area							
					Assets		Creditors		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	Hrs	\$
Rob Kirman	Partner	650	24.7	16,055	16.2	10,530	7.8	5,070	-	-	0.7	455
Employee A	Director	600	70.2	42,120	43.2	25,920	22.7	13,620	1.0	600	3.3	1,980
Employee B	Manager	495	82.6	40,887	38.9	19,256	23.4	11,583	17.3	8,564	3.0	1,485
Employee C	Senior Accountant	395	84.6	33,417	30.7	12,127	31.1	12,285	2.8	1,106	20.0	7,900
Employee D	Accountant	325	9.8	3,185	5.5	1,788	3.6	1,170	-	-	0.7	228
Employee E	Undergraduate accountant	190	30.6	5,814	8.3	1,577	14.7	2,793	6.2	1,178	1.4	266
Employee F	Treasury	350	0.3	105	-	-	-	-	-	-	0.3	105
Employee G	Treasury	350	1.7	595	-	-	-	-	-	-	1.7	595
Total (ex GST)			304.5	142,178	142.8	71,197	103.3	46,521	27.3	11,448	31.1	13,014
Average hourly rate				467		499		450		419		418

Schedule C – Disbursements

		Future disbursements (approve basis to a capped amount)
		If company wound up
		Liquidation disbursements
Period		1 July 2021 to finalisation of liquidation
Amount (ex GST)		\$1,000
Disbursement Type	Basis	Basis
Data processing – data loading & processing fee	\$20-\$60 per gigabyte (GB)*, minimum \$3,000 for matters less than 50GB.	\$20-\$60 per gigabyte (GB)*, minimum \$3,000 for matters less than 50GB.
Data hosting – monthly hosting fee	\$10 per GB, per month. Minimum \$1,000 for small matters. Large matters are priced on application.	\$10 per GB, per month. Minimum \$1,000 for small matters. Large matters are priced on application.
Printing – black and white	\$0.09 per page	\$0.09 per page
Printing – Colour	\$0.28 per page	\$0.28 per page

* Tiered pricing model depending on volume of data to be hosted.

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.

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 Voluntary Administration and Subsequent 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 Voluntary Administration, 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.

