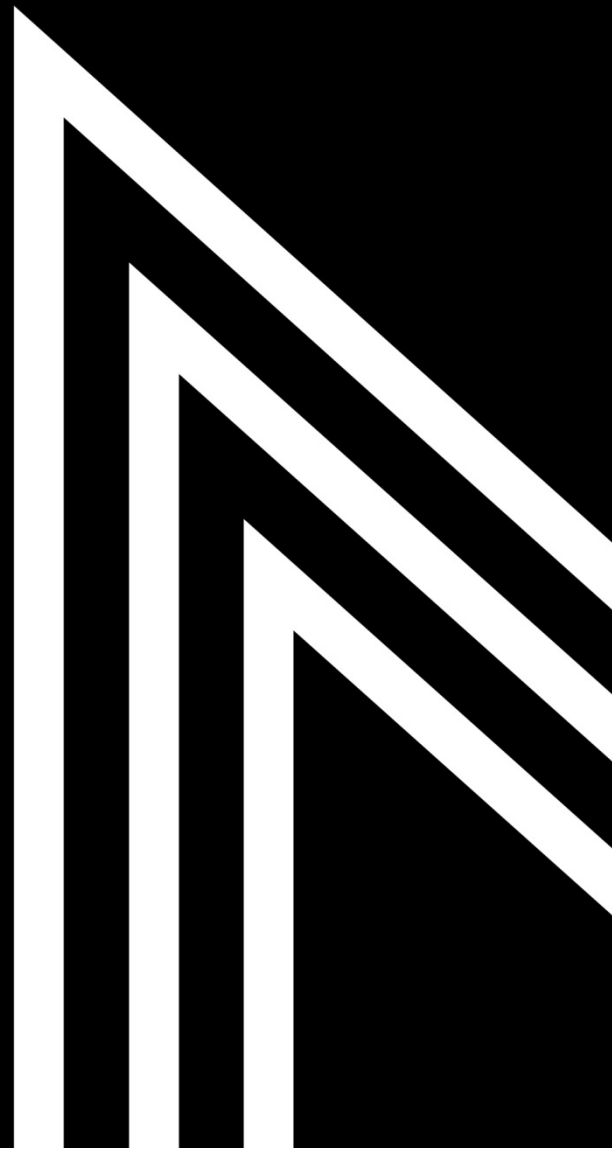

Remuneration Approval Report

Mediacloud Pty Ltd (Administrators Appointed)

8 March 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 Administration of Mediacloud Pty Ltd.

The report has the following information:

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1 Declaration

We, Barry Kogan and Jonathan Henry of McGrathNicol, have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Voluntary Administrators of Mediacloud Pty Ltd (**Mediacloud**) in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this matter.

We have reviewed the work in progress report for the Administration to ensure that remuneration is only being claimed for necessary and properly performed work.

2 Executive Summary

To date, no remuneration or internal disbursements have been approved and paid in this administration.

This remuneration approval report details approval sought for the following remuneration:

Approvals sought	Report Ref.	Amount (ex GST)
Remuneration		
Resolution 1: Retrospective remuneration for the period 9 November 2020 to 19 February 2021	3.1	\$674,353.00
Resolution 2: Prospective remuneration for the 20 February 2021 to the execution of the proposed DOCA	3.2	\$349,945.00
Total remuneration for the Voluntary Administration		\$1,024,298.00
Resolution 3: for the period of the Deed Administration (to effectuation of DOCA)	3.2.1	\$75,005.00
Resolution 4: Remuneration as Trustees of the Creditors' Trust	3.2.2	\$200,145.00
Total remuneration (under a DOCA scenario)		\$1,299,448.00
Resolution 5: for the period of the Liquidation (if required)	3.2.3	\$250,035.00
Total remuneration (under Liquidation scenario)		\$1,274,333.00
* Approval sought for future remuneration is based on an estimate of the work necessary. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		

Please refer to the report section references detailed in the above table for full details of the remuneration approvals sought.

3 Remuneration

3.1 Retrospective remuneration

We will request that the following resolution be passed to approve our retrospective remuneration. Details to support this resolution are included further below.

Retrospective remuneration resolution(s)	Appointment Type	Amount (ex GST)
Resolution 1: 9 November 2020 – 19 February 2021	Administration	\$674,353.00
Total retrospective remuneration resolution		\$674,353.00

Resolution 1: from 9 November 2020 to 19 February 2021

“That the remuneration of the Administrators for the period 9 November 2020 to 19 February 2021, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 12 November 2020, is determined in the sum of \$674,353.00, exclusive of GST.”

We will withdraw funds from the administration account in respect of the Administrators’ remuneration immediately upon approval if funds are available. If funds are not available, we will withdraw funds progressively over time as funds become available.

The below table sets out the time charged to each major task area by staff members working on the Administration for the period 9 November 2020 to 19 February 2021, which is the basis of Resolution 1. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained further below.

Resolution 1: from 9 November 2020 to 19 February 2021

Mediacloud Pty Ltd (Administrators Appointed) - Summary of Professional Fees by Task from 9 November 2020 to 19 February 2021																
Employee	Position	Rate (\$/hr)	Activity													
			Assets		Creditors		Employees		Investigation		Statutory & Administration		Trade On		Total	
			Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)
Barry Kogan	Partner	735	59.7	43,879.50	8.0	5,880.00	10.3	7,570.50	10.0	7,350.00	22.2	16,317.00	31.3	23,005.50	141.5	104,002.50
Employee A	Director	635	115.5	73,342.50	29.0	18,415.00	22.0	13,970.00	15.0	9,525.00	22.5	14,287.50	37.0	23,495.00	241.0	153,035.00
Employee B	Director	635	6.2	3,937.00	0.4	254.00	-	-	-	-	0.6	381.00	0.4	254.00	7.6	4,826.00
Employee C	Manager	550	13.9	7,645.00	9.8	5,390.00	5.8	3,190.00	20.4	11,220.00	24.5	13,475.00	133.2	73,260.00	207.6	114,180.00
Employee D	Assistant Manager	480	50.3	24,144.00	25.9	12,432.00	41.9	20,112.00	5.8	2,784.00	42.2	20,256.00	18.0	8,640.00	184.1	88,368.00
Employee E	Assistant Manager	480	49.7	23,856.00	10.9	5,232.00	28.6	13,728.00	-	-	17.2	8,256.00	-	-	106.4	51,072.00
Employee F	Senior Accountant 1	435	11.4	4,959.00	75.2	32,712.00	52.2	22,707.00	11.5	5,002.50	73.6	32,016.00	111.7	48,589.50	335.6	145,986.00
Employee G	Admin Level 2	445	-	-	-	-	-	-	-	-	3.3	1,468.50	-	-	3.3	1,468.50
Employee H	Admin Level 3	350	-	-	-	-	-	-	-	-	27.3	9,555.00	-	-	27.3	9,555.00
Employee K	Admin Level 4	200	-	-	-	-	-	-	-	-	9.3	1,860.00	-	-	9.3	1,860.00
Total fees (excl. GST)			306.7	181,763.00	159.2	80,315.00	160.8	81,277.50	62.7	35,881.50	242.7	117,872.00	331.6	177,244.00	1,263.7	674,353.00
<i>Average hourly rate</i>				<i>592.64</i>		<i>504.49</i>		<i>505.46</i>		<i>572.27</i>		<i>485.67</i>		<i>534.51</i>		

The below table sets out a detailed description of work undertaken on the Administration for the period 9 November 2020 to 19 February 2021, which is the basis of Resolution 1.

Resolution 1: from 9 November 2020 to 19 February 2021

Task Area	General Description	Includes
Assets 306.7 hours \$181,763.00	Cash at bank	<ul style="list-style-type: none"> ▪ Liaised with banks to secure cash on hand ▪ Prepared and executed regular bank sweeps from the pre-appointment accounts to the post-appointment Voluntary Administrator's account ▪ Established post-appointment banking facilities
	Sale of Business as a Going Concern	<ul style="list-style-type: none"> ▪ Formulated a sale strategy for the business ▪ Participated in and facilitated regular correspondence between Telstra, SBS and DBS regarding the sale of business process and next steps ▪ Drafted the Non-Disclosure Agreements (NDA) ▪ Reviewed NDAs and granted access to the data room ▪ Reviewed historical non-binding indicative offers and analysed terms of sale; ▪ Prepared and maintained a virtual data room with information relating to Mediacloud's affairs; ▪ Worked with legal advisors to draft various sale and transaction documents ▪ Worked with legal advisors to draft the DOCA and Creditors Trust ▪ Negotiated funding agreements with SBS and DBS ▪ Prepared various analysis for Telstra and SBS to assist with the sale and consideration
	Assets subject to specific charges and security interests	<ul style="list-style-type: none"> ▪ Searched the Personal Property Securities Register (PPSR) ▪ Prepared and issued correspondence to security interest holder ▪ Requested materials in support of claim ▪ Reviewed materials in respect of claim including contracts and agreements ▪ Investigated and finalised PPSR review
	Debtors	<ul style="list-style-type: none"> ▪ Corresponded with debtors regarding payment timing and amounts
	Other	<ul style="list-style-type: none"> ▪ Reviewed IP documents ▪ Confirmed status and location of overseas assets ▪ Determined other assets utilised by the company ▪ Reviewed asset listings and depreciation schedules ▪ Investigated ownership of intellectual property assets and confirmed registration position ▪ Liaised with valuers

Task Area	General Description	Includes
Creditors 159.2 hours \$80,315.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> ▪ Received and responded to creditor queries ▪ Facilitated the upload of information relating to creditors on the McGrathNicol website ▪ Managed the functional mailbox for creditor queries ▪ Attended to creditor phone calls ▪ Prepared initial correspondence to creditors and their representatives ▪ Updated creditor listing
	Creditor reports	<ul style="list-style-type: none"> ▪ Prepared initial information to creditors ▪ Planned and prepared the Administrators' report
	Proofs of Debt (POD)	<ul style="list-style-type: none"> ▪ Prepared correspondence to potential creditors inviting lodgement of PODs ▪ Received PODs from claimants ▪ Reviewed PODs for the first meeting of creditors ▪ Corresponded with claimants regarding PODs
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Prepared and sent meeting notices for the first meeting of creditors ▪ Prepared the Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) ▪ Advertised the meeting of creditors ▪ Analysed creditor listings and quorums ▪ Reviewed PODs and proxies as required prior to the meeting ▪ Prepared the meeting presentation ▪ Prepared chairperson's notes for the meeting ▪ Prepared the meeting file ▪ Received proxies ▪ Convened and held the first meeting of creditors ▪ Prepared and lodged minutes of the meeting with the Australian Securities and Investments Commission (ASIC) ▪ Updated creditor information on the McGrathNicol website ▪ Prepared and circulated attendance register ▪ Responded to stakeholder queries and questions following the meeting ▪ Attended court to extend Administration convening period
Employees 160.8 hours \$81,277.50	Employee queries	<ul style="list-style-type: none"> ▪ Prepared employee circular, frequently asked questions (FAQ) and general correspondence ▪ Received and followed up employee enquiries ▪ Liaised with payroll staff ▪ Updated employees about ongoing wage payments ▪ Prepared correspondence in response to employee's queries

Task Area	General Description	Includes
	Calculation of entitlements	<ul style="list-style-type: none"> ▪ Calculated employee entitlements ▪ Reviewed employee files and company's books and records including payroll tax records and workers compensation ▪ Reconciled superannuation accounts and calculated amounts owed ▪ Reviewed Superannuation Guarantee Charges (SGC) ▪ Reviewed casual staff rosters for review of casual staff pay ▪ Prepared comparative analysis of casual staff pay ▪ Reviewed pre-appointment PAYG ▪ Reviewed awards ▪ Reconciled payment issues ▪ Reviewed and approved casual employee contracts ▪ Investigated employee reimbursement claims ▪ Liaised with lawyers regarding entitlements and employee contracts, as required
	Other employee issues	<ul style="list-style-type: none"> ▪ Prepared and reviewed fortnightly wage runs ▪ Reviewed superannuation and child support files for upload to clearing house and payment to employees ▪ Corresponded with statutory authorities regarding payroll tax registration ▪ Corresponded with Child Support
Investigation 62.7 hours \$35,881.50	Conduct investigations	<ul style="list-style-type: none"> ▪ Sent initial request to Directors for Report on Company Activities & Property (ROCAP) ▪ Prepared information requests to seek documents relating to investigations ▪ Liaised with Directors and staff regarding historical financials ▪ Obtained company books and records ▪ Reviewed company books and records ▪ Reviewed specific transactions ▪ Prepared comparative financial statements
Statutory & Administration 242.7 hours \$117,872.00	Correspondence	<ul style="list-style-type: none"> ▪ Liaised with operations in UK and Sweden on strategy and financial position
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Maintained physical and electronic engagement files ▪ Updated checklists
	Insurance	<ul style="list-style-type: none"> ▪ Identified potential issues requiring attention of insurance specialists ▪ Corresponded with insurer regarding initial and ongoing insurance requirements ▪ Obtained details of pre-appointment insurance policies

Task Area	General Description	Includes
	Bank account administration	<ul style="list-style-type: none"> ▪ Notified banks of appointment and requested bank freezes on the pre-appointment bank accounts ▪ Prepared correspondence to open and close accounts ▪ Requested bank statements for the pre-appointment bank accounts ▪ Prepared electronic receipt vouchers and payments ▪ Performed bank account reconciliations
	ASIC forms	<ul style="list-style-type: none"> ▪ Prepared and lodged ASIC forms ▪ Corresponded with ASIC regarding statutory forms, as required
	Australian Taxation Office (ATO) and other statutory reporting	<ul style="list-style-type: none"> ▪ Notified of appointment ▪ Liaised with to determine and manage tax liabilities ▪ Prepared BAS lodgements
	Planning/Review	<ul style="list-style-type: none"> ▪ Created workflow plans for key business areas and determined resource requirements ▪ Prepared task lists ▪ Attended meetings discussing status of the administration ▪ Prepared day one notifications to statutory authorities, employees, suppliers and key stakeholders
	Books and records / storage	<ul style="list-style-type: none"> ▪ Gained access to the company's accounting records ▪ Collected company's mailbox data ▪ Compiled and managed company records in data room ▪ Dealt with records in storage ▪ Sent job files to storage
Trade On 331.6 hours \$177,244.00	Trade On Management	<ul style="list-style-type: none"> ▪ Established trading plan ▪ Liaised with management and staff regarding ongoing trading matters ▪ Liaised with suppliers and providers in relation to the administration period and ongoing requirements ▪ Liaised with relevant state authorities, including the relevant Office of State Revenue for payroll tax ▪ Liaised with superannuation funds regarding contributions ▪ Liaised with Management to understand UK operations ▪ Attended site during week one of the engagement ▪ Reviewed and authorised purchase orders ▪ Maintained purchase order register ▪ Completed credit applications

Task Area	General Description	Includes
	Process receipts and payments	<ul style="list-style-type: none"> ▪ Entered receipts and payments for trading into accounting system ▪ Reviewed and approved payments ▪ Reconciled receipts with pre-appointment deposits
	Prepare budgets and financial reports	<ul style="list-style-type: none"> ▪ Prepared and monitored cash flow forecasts ▪ Reviewed key financial information required for trading, including current cash flow forecast and related information ▪ Prepared financial analysis, including trading profit or loss statement and statement of financial position ▪ Evaluated trading position ▪ Reviewed GST position
Total \$674,353.00		

3.2 Prospective remuneration

We will request that the following resolutions be passed to approve our prospective remuneration. Details to support this resolution are included further below.

Prospective remuneration resolution(s)	Appointment Type	Amount (ex GST)
Resolution 2: 20 February 2021 to the execution of the DOCA (if approved)	Administration	\$349,945.00
Resolution 3: Deed Administration (to effectuation of DOCA)	DOCA	\$75,005.00
Resolution 4: Remuneration in respect of the Creditors' Trust	Creditors' Trust	\$200,145.00
Total Prospective remuneration resolutions (under a DOCA scenario)		\$625,095.00
Resolution 5: Remuneration of the Liquidators (if required)	Liquidation	\$250,035.00

Resolution 2: from 20 February 2021 to the end execution of the proposed DOCA

"That the future remuneration of the Administrators from 20 February 2021 to the execution of the Proposed DOCA (if approved) 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 12 November 2020, up to a capped amount of \$349,945.00, exclusive of GST."

We will withdraw funds from the administration account in respect of the Administrators' remuneration progressively over time as funds become available and only once it is incurred. If actual costs incurred are below the capped amount, the Administrators are only authorised to draw the amount incurred. If actual costs incurred exceed the amount approved, the Administrators will seek further approval from creditors.

The below table sets out the expected costs and a detailed description of the work by task area to be undertaken on the Administration for the period 20 February 2021 to the end of the Voluntary Administration, which is the basis of Resolution 2. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained further below.

Resolution 2: from 20 February 2021 to the execution of the Proposed DOCA

Mediacloud Pty Ltd (Administrators Appointed) - estimated remuneration for the period 20 February 2020 to the execution of the proposed DOCA																
Employee	Position	Rate (\$/hr)	Activity													
			Assets		Creditors		Employees		Investigation		Statutory & Administration		Trade On		Total	
			Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)
Barry Kogan	Partner	735	9.0	6,615.00	28.0	20,580.00	6.0	4,410.00	4.0	2,940.00	11.0	8,085.00	29.0	21,315.00	87.0	63,945.00
Employee A	Director	635	15.0	9,525.00	35.0	22,225.00	22.0	13,970.00	5.0	3,175.00	15.0	9,525.00	35.0	22,225.00	127.0	80,645.00
Employee B	Manager	550	20.0	11,000.00	50.0	27,500.00	15.0	8,250.00	17.0	9,350.00	15.0	8,250.00	40.0	22,000.00	157.0	86,350.00
Employee C	Senior Accountant 1	435	25.0	10,875.00	60.0	26,100.00	42.0	18,270.00	22.0	9,570.00	25.0	10,875.00	50.0	21,750.00	224.0	97,440.00
Employee D	Admin Level 2	445	-	-	2.0	890.00	-	-	-	-	7.0	3,115.00	8.0	3,560.00	17.0	7,565.00
Employee E	Admin Level 3	350	-	-	2.0	700.00	-	-	-	-	30.0	10,500.00	8.0	2,800.00	40.0	14,000.00
Total fees (excl. GST)			69.0	38,015.00	177.0	97,995.00	85.0	44,900.00	48.0	25,035.00	103.0	50,350.00	170.0	93,650.00	652.0	349,945.00
<i>Average hourly rate</i>				<i>550.94</i>		<i>553.64</i>		<i>528.24</i>		<i>521.56</i>		<i>488.83</i>		<i>550.88</i>		

Resolution 2: from 20 February 2021 to end of Voluntary Administration

Task Area	General Description	Includes
Assets 69.0 hours \$38,015.00	Sale of Business as a Going Concern	<ul style="list-style-type: none"> ▪ Continue sale negotiations with Telstra ▪ Negotiate terms of final DOCA proposal and Creditors' Trust to be recommended to creditors ▪ Finalise transaction documents ▪ Finalise sale process
	Debtors	<ul style="list-style-type: none"> ▪ Correspond with debtors regarding payment timing and amounts
Creditors 177.0 hours \$97,995.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> ▪ Continue to receive and respond to creditor enquiries ▪ Continue to consider reasonableness of creditor requests ▪ Manage functional mailbox for creditor queries ▪ Update creditor listing with PODs received and/or claims withdrawn
	Deal with proofs of debt (POD)	<ul style="list-style-type: none"> ▪ Receive PODs from claimants and maintain POD register ▪ Correspond with claimants regarding PODs
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Finalise this Report to creditors ▪ Prepare and send meeting notices to convene Second Meeting of Creditors ▪ Advertise notice of the meeting of creditors ▪ Analyse creditor listing and quorum ▪ Review PODs and proxies as required prior to the meeting ▪ Prepare chairperson's notes for the meeting ▪ Consider voting implications ▪ Prepare the meeting file ▪ Receive proxies ▪ Hold the Second Meeting of Creditors ▪ Prepare and lodge minutes with ASIC from the Second Meeting of Creditors ▪ Prepare and circulate attendance register ▪ Respond to stakeholder queries and questions following the meeting
Employees 85.0 hours \$44,900.00	Employee queries	<ul style="list-style-type: none"> ▪ Continue to receive and follow up employee enquiries ▪ Prepare letters to employees advising of their entitlements ▪ Continue to prepare correspondence in response to employee's queries

Task Area	General Description	Includes
	Calculation of entitlements	<ul style="list-style-type: none"> ▪ Continue to reconcile superannuation accounts and calculate amounts owed ▪ Prepare and lodge Superannuation Guarantee Statements with the Australian Taxation Office (ATO) to register the claim for superannuation ▪ Continue to finalise calculation of employee entitlements ▪ Continue to remit post appointment leave entitlements ▪ Continue to prepare and review fortnightly wage runs ▪ Liaise with lawyers regarding entitlements, as required
Investigation 48.0 hours \$25,035.00	Conduct investigations	<ul style="list-style-type: none"> ▪ Review company's books and records ▪ Review specific transactions and liaise with Management regarding certain transactions ▪ Perform analysis on company's financial information including cash flow information ▪ Conduct preliminary investigations regarding date of insolvency ▪ Consider antecedent transaction and claims against third parties ▪ Prepare comparative financial statements ▪ Review specific transactions
Statutory & Administration 103.0 hours \$50,350.00	Correspondence	<ul style="list-style-type: none"> ▪ Correspond with statutory authorities regarding claim and finalisation of pre-appointment lodgements
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Maintain physical and electronic engagement files ▪ Update checklists
	Insurance	<ul style="list-style-type: none"> ▪ Correspond with insurer regarding ongoing and future insurance requirements
	Bank account administration	<ul style="list-style-type: none"> ▪ Correspond with bank regarding specific bank account matters ▪ Process payments
	ASIC forms	<ul style="list-style-type: none"> ▪ Prepare and lodge ASIC forms ▪ Correspond with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> ▪ Prepare BAS lodgements
	Planning/Review	<ul style="list-style-type: none"> ▪ Discuss status of Administration ▪ Attend meetings discussing status of administration
	Books and records / storage	<ul style="list-style-type: none"> ▪ Deal with records in storage ▪ Send job files to storage

Task Area	General Description	Includes
Trade On 170.0 hours \$93,650.00	Trade On Management (in the event of a delay in signing the DOCA)	<ul style="list-style-type: none"> ▪ Continue trading plans in line with Administrators' strategy ▪ Prepare and monitor cash flow forecasts ▪ Liaise with management and staff regarding ongoing trading requirements ▪ Liaise with suppliers and providers in relation to the administration period, ongoing requirements and novation on contracts ▪ Liaise with management and staff ▪ Authorise purchase orders ▪ Maintain purchase order register ▪ Prepare and authorise receipt and payment vouchers ▪ Liaise with superannuation funds regarding contributions ▪ Liaise with OSR regarding payroll tax issues ▪ Monitor, review, consider and respond to enquiries from customers and suppliers by email and telephone ▪ Manage functional mailbox
	Process receipts and payments	<ul style="list-style-type: none"> ▪ Enter receipts and payments into accounting system ▪ Review and approve payments
	Prepare budgets and financial reports	<ul style="list-style-type: none"> ▪ Prepare and update cash flow forecast ▪ Prepare financial analysis, including trading profit or loss statement, trading position statement and outcome statement ▪ Evaluate trading position
Total \$349,945.00		

3.2.1 Prospective remuneration for the Deed Administrators

In the event that a DOCA is approved by creditors, we will seek approval of the following resolution to approve the Deed Administrators' remuneration, noting that the quantum for which approval is being sought provides for a scenario where some period of trading in Deed Administration is required. In the event that completion occurs as planned, a much lower quantum of fees is expected to be actually incurred.

Resolution 3: Estimated remuneration for the Deed Administrators

"That the future remuneration of the Deed Administrators for the period from execution of the Proposed DOCA to effectuation of the Proposed DOCA, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 12 November 2020, is approved for payment up to a capped amount of \$75,005.00, exclusive of GST."

The below table sets out the expected costs and a detailed description of the work by task area to be undertaken for the period of the Deed Administration, which is the basis of Resolution 3. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained further below.

Resolution 3: Estimated remuneration for the period of the Deed of Company Arrangement

Mediacloud Pty Ltd (Administrators Appointed) - estimated remuneration for the period of the Deed of Company Arrangement																		
Employee	Position	Rate (\$/hr)	Activity															
			Assets		Creditors		Employees		Investigation		Statutory & Administration		Dividend		Trade On		Total	
			Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)
Barry Kogan	Partner	735	-	-	1.0	735.00	1.0	735.00	-	-	4.0	2,940.00	-	-	5.0	3,675.00	11.0	8,085.00
Employee A	Director	635	-	-	5.0	3,175.00	5.0	3,175.00	-	-	5.0	3,175.00	-	-	10.0	6,350.00	25.0	15,875.00
Employee B	Manager	550	-	-	5.0	2,750.00	2.0	1,100.00	-	-	7.0	3,850.00	-	-	20.0	11,000.00	34.0	18,700.00
Employee C	Senior Accountant 1	435	-	-	7.0	3,045.00	13.0	5,655.00	-	-	12.0	5,220.00	-	-	30.0	13,050.00	62.0	26,970.00
Employee D	Admin Level 2	445	-	-	-	-	-	-	-	-	2.0	890.00	-	-	3.0	1,335.00	5.0	2,225.00
Employee E	Admin Level 3	350	-	-	1.0	350.00	-	-	-	-	2.0	700.00	-	-	6.0	2,100.00	9.0	3,150.00
Total fees (excl. GST)			-	-	19.0	10,055.00	21.0	10,665.00	-	-	32.0	16,775.00	-	-	74.0	37,510.00	146.0	75,005.00
<i>Average hourly rate</i>			-	-		<i>529.21</i>		<i>507.86</i>	-	-		<i>524.22</i>	-	-		<i>506.89</i>		

Resolution 3: Estimated remuneration for the period of the Deed of Company Arrangement

Task Area	General Description	Includes
Creditors 19.0 hours \$10,055.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> ▪ Receive and respond to creditor queries ▪ Facilitate the upload of information relating to creditors on the McGrathNicol website ▪ Manage the functional mailbox for creditor queries ▪ Attend to creditor phone calls ▪ Prepare correspondence to creditors and their representatives ▪ Compile information requested by creditors
	Creditor reports	<ul style="list-style-type: none"> ▪ Regular updates regarding the status of the Proposed DOCA
	Deal with proofs of debt (POD)	<ul style="list-style-type: none"> ▪ Receive PODs from claimants and maintain POD register ▪ Correspond with claimants regarding PODs
Employees 21.0 hours \$10,665.00	Employee queries	<ul style="list-style-type: none"> ▪ Liaise with employees regarding entitlements ▪ Respond to queries from employees ▪ Manage employee functional mailbox ▪ Liaise with payroll staff
	Calculation of entitlements	<ul style="list-style-type: none"> ▪ Continue calculation of employee entitlements ▪ Liaise with relevant State Revenue Offices regarding payroll tax
	Employee distribution	<ul style="list-style-type: none"> ▪ Correspond with employees regarding distribution ▪ Correspond with ATO regarding Superannuation Guarantee Charge (SGC) POD ▪ Receive and review PODs ▪ Calculate and prepare distribution ▪ Prepare PAYG payment summaries following distribution
Statutory & Administration 32.0 hours \$16,775.00	Correspondence	<ul style="list-style-type: none"> ▪ Correspond with statutory authorities as required regarding second meeting and DOCA
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Maintain physical and electronic engagement files ▪ Update checklists
	Insurance	<ul style="list-style-type: none"> ▪ Correspond with insurer regarding ongoing and future insurance requirements

Task Area	General Description	Includes
	Bank account administration	<ul style="list-style-type: none"> Prepare for the sweep of accounts in accordance with the DOCA once trading liabilities have been satisfied Perform bank account reconciliations for the Administration period Receipt of DOCA funds
	ASIC forms	<ul style="list-style-type: none"> Prepare and lodge ASIC forms
	DOCA	<ul style="list-style-type: none"> Provide assistance regarding the execution of the DOCA Review and liaise with DOCA proponents and lawyers as appropriate Prepare to comply with post completion obligations in line with the DOCA
	Finalisation	<ul style="list-style-type: none"> Notify ATO of ceasing to act Cancel ABN/GST/PAYG registrations Complete checklists
Trade On 74.0 hours \$37,510.00	Trade On Management	<ul style="list-style-type: none"> Continue to liaise with management and staff Prepare trading work streams for the execution of the DOCA Review key financial information required for trading and prepare for execution of DOCA Close out outstanding purchase orders and trading liabilities
Total \$75,005.00		

3.2.2 Estimated remuneration for the Trustees of the Creditors' Trust

Resolution 4: Estimated remuneration for the Trustees of the Creditors' Trust

"That the future remuneration of the Trustees of the Creditors' Trust, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 12 November 2020, is approved for payment up to a capped amount of \$200,145.00, exclusive of GST."

The below table sets out the expected costs and a detailed description of the work by task area to be undertaken for the period of the Trusteeship, which is the basis of Resolution 4. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained further below.

Resolution 4: Estimated remuneration for the Trustees of the Creditors' Trust

Mediacloud Pty Ltd (Administrators Appointed) - estimated Creditors' Trustees remuneration																
Employee	Position	Rate (\$/hr)	Activity													
			Assets		Creditors		Employees		Investigation		Statutory & Administration		Trade On		Total	
			Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)
Barry Kogan	Partner	735	-	-	18.0	13,230.00	5.0	3,675.00	-	-	3.0	2,205.00	-	-	26.0	19,110.00
Jonathan Henry	Partner	735	-	-	-	-	-	-	-	1.0	735.00	-	-	1.0	735.00	
Employee A	Director	635	-	-	42.0	26,670.00	17.0	10,795.00	-	-	8.0	5,080.00	-	-	67.0	42,545.00
Employee B	Manager	550	-	-	65.0	35,750.00	17.0	9,350.00	-	-	12.0	6,600.00	-	-	94.0	51,700.00
Employee C	Senior Accountant 1	435	-	-	79.0	34,365.00	44.0	19,140.00	-	-	20.0	8,700.00	-	-	143.0	62,205.00
Employee D	Admin Level 2	445	-	-	15.0	6,675.00	5.0	2,225.00	-	-	10.0	4,450.00	-	-	30.0	13,350.00
Employee E	Admin Level 3	350	-	-	15.0	5,250.00	5.0	1,750.00	-	-	10.0	3,500.00	-	-	30.0	10,500.00
Total fees (excl. GST)			-	-	234.0	121,940.00	93.0	46,935.00	-	-	64.0	31,270.00	-	-	391.0	200,145.00
<i>Average hourly rate</i>			-	-	<i>521.11</i>		<i>504.68</i>				<i>488.59</i>					

Resolution 4: Estimated remuneration for the Trustees of the Creditors' Trust

Task Area	General Description	Includes
Creditors 234.0 hours \$121,940.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> ▪ Receive and respond to creditor queries ▪ Manage the functional mailbox for creditor queries ▪ Attending to creditor phone calls ▪ Liaise with the secured creditor
	Dividend procedures	<ul style="list-style-type: none"> ▪ Adjudicate creditor claims ▪ Send creditor queries regarding PODs ▪ Prepare dividend calculation ▪ Seek legal advice, as required ▪ Prepare distribution file ▪ Arrange payment of dividend
	Closing out trading	<ul style="list-style-type: none"> ▪ Finalise Administration trading position including liaising with creditors to seek all final invoices ▪ Making payment on all employee liabilities that relate to the Administration period including all relevant oncosts
Employees 93.0 hours \$46,935.00	Employee queries	<ul style="list-style-type: none"> ▪ Liaise with employees regarding entitlements ▪ Respond to queries from employees ▪ Issue pre- and post-appointment PAYG summaries
	Calculation of entitlements	<ul style="list-style-type: none"> ▪ Finalise calculation of employee entitlements ▪ Write to employees to advise them of their calculated claim
	Dividend procedures	<ul style="list-style-type: none"> ▪ Prepare correspondence to employees advising them of intention to declare dividend ▪ Adjudicate creditor claims ▪ Prepare dividend calculation ▪ Seek legal advice, as required ▪ Prepare distribution file ▪ Arrange payment of dividend
Statutory & Administration 64.0 hours \$31,270.00	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Maintain physical and electronic engagement file ▪ Update checklists
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing the sweep of accounts to the Creditors' Trust bank accounts ▪ Perform bank account reconciliations for the Administration period ▪ Receipt of Administration funds
	ASIC forms	<ul style="list-style-type: none"> ▪ Prepare and lodge ASIC forms

Task Area	General Description	Includes
	Planning/Review	<ul style="list-style-type: none"> ▪ Prepare work plans and team staff allocations ▪ Prepare task lists ▪ Attend meetings discussing status of Creditors' Trust
	Finalisation	<ul style="list-style-type: none"> ▪ Notify ATO of ceasing to act ▪ Cancel ABN/GST/PAYG registration ▪ Complete checklists
Total \$200,145.00		

3.2.3 Estimated Liquidators' remuneration (if required)

In the event that Mediacloud enters liquidation, we will seek approval of the following resolutions to approve the Liquidators' remuneration for the period of the liquidation.

Resolution 5: Estimated Liquidators' remuneration for the period of the liquidation

"That the future remuneration of the Liquidators of Mediacloud Pty Ltd (to be In Liquidation) for the period of the liquidation calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 12 November 2020, up to a capped amount of \$250,035.00, exclusive of GST."

We will withdraw funds from the Liquidation bank account in respect of the Liquidators' remuneration progressively over time as funds become available and only once it is incurred. If actual costs incurred are below the capped amount, the Liquidators are only authorised to draw the amount incurred. If actual costs incurred exceed the amount approved, the Liquidators will seek further approval from creditors."

The below table sets out the expected costs and a detailed description of the work by task area to be undertaken for the period of the Liquidation, which is the basis of Resolution 5. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained further below.

Resolution 5: Estimated Liquidators' remuneration for the period 15 March 2021 to finalisation

Mediacloud Pty Ltd (Administrators Appointed) - Liquidators remuneration for the period 15 March 2021 to finalisation																
Employee	Position	Rate (\$/hr)	Activity													
			Assets		Creditors		Employees		Investigation		Statutory & Administration		Trade On		Total	
			Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)	Hrs	Fees (\$)
Barry Kogan	Partner	735	5.0	3,675.00	5.0	3,675.00	8.0	5,880.00	5.0	3,675.00	9.0	6,615.00	-	-	32.0	23,520.00
Employee A	Director	635	10.0	6,350.00	15.0	9,525.00	29.0	18,415.00	25.0	15,875.00	8.0	5,080.00	1.0	635.00	88.0	55,880.00
Employee B	Manager	550	20.0	11,000.00	25.0	13,750.00	35.0	19,250.00	35.0	19,250.00	12.0	6,600.00	3.0	1,650.00	130.0	71,500.00
Employee C	Senior Accountant 1	435	30.0	13,050.00	35.0	15,225.00	60.0	26,100.00	45.0	19,575.00	20.0	8,700.00	5.0	2,175.00	195.0	84,825.00
Employee D	Admin Level 2	445	1.0	445.00	2.0	890.00	5.0	2,225.00	-	-	10.0	4,450.00	-	-	18.0	8,010.00
Employee E	Admin Level 3	350	1.0	350.00	2.0	700.00	5.0	1,750.00	-	-	10.0	3,500.00	-	-	18.0	6,300.00
Total fees (excl. GST)			67.0	34,870.00	84.0	43,765.00	142.0	73,620.00	110.0	58,375.00	69.0	34,945.00	9.0	4,460.00	481.0	250,035.00
<i>Average hourly rate</i>				<i>520.45</i>		<i>521.01</i>		<i>518.45</i>		<i>530.68</i>		<i>506.45</i>		<i>495.56</i>		

Resolution 5: Estimated Liquidators' remuneration for the period of the liquidation

Task Area	General Description	Includes
Assets 67.0 hours \$34,870.00	Monies	<ul style="list-style-type: none"> ▪ Sweep funds from the pre-appointment account
	Plant and Equipment	<ul style="list-style-type: none"> ▪ Consider realisation options ▪ Obtain asset valuations ▪ Liaise with valuers and agents
Creditors 84.0 hours \$43,765.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> ▪ Receive and respond to creditor queries ▪ Manage the functional mailbox for creditor queries ▪ Attend to creditor phone calls
	Creditor reports	<ul style="list-style-type: none"> ▪ Prepare general reports to creditors ▪ Advise creditors of updates ▪ Prepare Statutory Reports by Liquidators including Section 533 Report
	Deal with proofs of debt (POD)	<ul style="list-style-type: none"> ▪ Receive PODs from claimants and maintain POD register ▪ Correspond with claimants regarding PODs
	Meeting of Creditors (only if requested)	<ul style="list-style-type: none"> ▪ Prepare and lodge minutes with ASIC from the Meetings of Creditors ▪ Prepare and send meeting notices ▪ Advertise notice of meetings ▪ Prepare meeting file ▪ Prepare and lodge minutes with ASIC ▪ Respond to stakeholder queries and questions following the meeting
	Proposals to Creditors (only if requested)	<ul style="list-style-type: none"> ▪ 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
	Shareholder (DBS) queries	<ul style="list-style-type: none"> ▪ Respond to shareholder enquiries ▪ Issue ITAA Section 104-145(1) declarations
Employees 142.0 hours \$73,620.00	Employee queries	<ul style="list-style-type: none"> ▪ Liaise with employees regarding entitlements ▪ Respond to queries from employees ▪ Issue pay slips ▪ Prepare employee termination letters ▪ Terminate employees ▪ Prepare and issue separation certificates ▪ Attend to matters relating to Centrelink ▪ Issue pre and post-appointment PAYG summaries

Task Area	General Description	Includes
	Fair Entitlements Guarantee (FEG) (if required)	<ul style="list-style-type: none"> Correspond with FEG Prepare verification spreadsheet Prepare FEG quotations Complete FEG questionnaires
	Calculation of entitlements	<ul style="list-style-type: none"> Finalise calculation of employee entitlements Write to employees to advise them of their calculated claim Remit post appointment leave entitlements Liaise with lawyers regarding entitlements, as required
	Employee distribution (if required)	<ul style="list-style-type: none"> Prepare correspondence to employees advising them of intention to declare dividend Prepare dividend calculation Prepare distribution file Obtain any required clearance from the ATO Calculate increasing or decreasing adjustment regarding the ATO's claim Arrange payment of dividend
	Process receipts and payments	<ul style="list-style-type: none"> Enter receipts and payments into accounting system
Investigation 110.0 hours \$58,375.00	Conduct investigations	<ul style="list-style-type: none"> Monitor, review, consider and respond to enquiries from customers and suppliers by email and telephone Review the company's books and records Review specific transactions and liaise with Directors
	Examinations (if required)	<ul style="list-style-type: none"> Prepare brief to lawyer Attend at examination Review examination transcripts Liaise with lawyer(s) regarding outcome of examinations and further actions available
	Litigation/recoveries (if required)	<ul style="list-style-type: none"> Discuss status of litigation Prepare brief to lawyers Liaise with lawyers regarding recovery actions Attend to settlement matters Attend hearing
	ASIC reporting	<ul style="list-style-type: none"> Prepare report to ASIC under s533 Prepare affidavits seeking non-lodgement assistance (if required) Liaise with ASIC
Statutory & Administration 69.0 hours	Document maintenance/file review/checklist	<ul style="list-style-type: none"> Maintain physical and electronic engagement file Update checklists

Task Area	General Description	Includes
\$34,945.00	Insurance	<ul style="list-style-type: none"> Correspond with insurer regarding future insurance requirements
	Bank account administration	<ul style="list-style-type: none"> Prepare correspondence to open and close accounts Request bank statements Perform bank account reconciliations Correspond with bank regarding specific transfers
	ASIC forms and other statutory reporting	<ul style="list-style-type: none"> Prepare and lodge ASIC forms Correspond with ASIC regarding statutory forms, as required Notify ATO of appointment Prepare BAS
	Planning/Review	<ul style="list-style-type: none"> Attend meetings discussing status of the Liquidation
	Books and records / storage	<ul style="list-style-type: none"> Deal with records in storage Send job files to storage
	Finalisation	<ul style="list-style-type: none"> Notify ATO of ceasing to act Cancel ABN/GST/PAYG registration Complete checklists
	Finalisation	<ul style="list-style-type: none"> Notify ATO of ceasing to act Cancel ABN/GST/PAYG registration Complete checklists
Trade On 9.0 hours \$4,460.00	Trade On Management	<ul style="list-style-type: none"> Establish wind-down strategy Prepare and monitor cash flow forecasts Liaise with management and staff regarding wind-down strategy Finalise purchase order register Manage functional mailboxes
Total \$250,035.00		

3.3 Estimated future remuneration

In preparing this report, our prospective remuneration approval is our best estimate of what we believe the Administration will cost to complete and we do not anticipate that we will have to ask creditors to approve any further remuneration. However, should the Administration not proceed as expected, we will advise creditors and we may seek approval of further remuneration.

3.4 Total remuneration reconciliation

At this point in time we estimate that the total remuneration for the Administration will not exceed \$1,973,801.00 (GST exclusive), as shown in the table below. This estimate assumes that a liquidation scenario is not contemplated, but also allows for a scenario where trading is required during the DOCA, which we don't expect to be required.

Remuneration type	Amount (ex GST)
Current remuneration approval being sought:	

Remuneration type	Amount (ex GST)
Retrospective remuneration approval (refer to section 3.1)	\$674,353.00
Prospective remuneration approval (refer to section 3.2) (assumes liquidation is not required)	\$625,095.00
Estimated total remuneration	\$1,299,448.00

Our Initial Remuneration Notice dated 12 November 2020, estimated remuneration of \$150,000 (excluding GST) up to the date of the Second Meeting of Creditors (due to occur by 7 December 2020). This was prepared on the basis that the Administration would be straightforward, with no requirement for an extension to the convening period and no complexity regarding completing the Telstra sale. Our fees incurred and forecast to be incurred, exceeded the estimate due to the following which are described in detail in our Report to Creditors:

- Preparing an application to the Court to extend the convening period for the Administration by three months;
- As a consequence of the above, attending to the trading of the Mediacloud business for a much longer period than contemplated;
- Negotiating a funding facility with SBS and filing a Court application in relation to same;
- Facilitating extensive due diligence requests from Telstra;
- Extensive liaison with DBS on operational, sale and funding matters including engaging with UK counsel for advice;
- Negotiating and entering into a funding agreement with DBS;
- Ongoing reporting to SBS in accordance with the funding regime; and
- Negotiation of DOCA, Creditors Trust and other documentation with Telstra.

We have provided an explanation of the tasks that remain to be completed, including our estimated costs to complete those tasks, to support our current remuneration approval request, at section 3.2 of this report.

3.5 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.

4 Disbursements

Disbursements are paid for by McGrathNicol and are recovered from the Administration bank account.

Disbursements are divided into two types:

- External disbursements- these are recovered at cost. Examples are travel, accommodation, postage, advertising, couriers and search fees.
- Internal disbursements – these disbursements are charged at a rate which recoups both fixed and variable costs and may include an element of profit or advantage to the External Administrator or a related party

of the External Administrator. Examples are printing and data storage. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

We have undertaken a proper assessment of disbursements claimed for the Administration, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

4.1 External disbursements

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

The following external disbursements have been paid by McGrathNicol and relate to the Administration. These amounts will be reimbursed to McGrathNicol at cost from the Administration bank account:

External disbursements at cost for the period 9 November 2020 to 19 February 2021	Amount (\$) (GST exclusive)
Postage	\$210.03
Data room expenses (Ansarada)	\$2,547.45
Local travel	\$500.71
Total	\$3,258.19

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

Disbursement type	Rate (GST exclusive)
External disbursements	
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
Internal disbursements (that may have an element of profit or advantage)	
Data processing – data loading & processing fee	\$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.
Printing – black and white	\$0.09 per page
Printing – Colour	\$0.28 per page

* 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.

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

4.1.1 Further explanation of data hosting disbursements

In the conduct of this 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.

5 Summary of receipts and payments

A summary of the receipts and payments for the period 9 November 2020 to 19 February 2021 is included at **section 12** of the Report.

6 Queries

If you have any queries regarding the information in this report, please contact Alex Woolcott on (02) 9338 2667 or via email at awoolcott@mcgrathnicol.com.

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 "fees of insolvency practitioner").

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

Dated: 8 March 2021