



Parkview Estate Pty Ltd (Administrators Appointed) ("the Company" or "Parkview")

Reconvened Second meeting of creditors

20 April 2017



McGrathNicol



Agenda

- Formalities
- Voting
- DIRRI
- Purpose of the meeting
- Administrators' Second and Third Supplementary Reports to creditors
- Administrators' Remuneration
- Vote on the Company's future
- Questions

Formalities

- Open meeting
- Administrator Chairperson: Corporations Regulation 5.6.17 (1)
- Introductions
 - Barry Kogan (Administrator)
 - Joseph Hayes (Administrator)
 - Louise Mann (Senior Manager)
 - Thomas Scarf (Assistant Manager)
 - Danielle Funston, K&L Gates (Administrators' solicitor)
- Quorum: Corporations Regulation 5.6.16 (2)
- Attendance register
- Time and place convenient: Corporations Regulation 5.6.14
- Proofs of debt and proxies

Formalities (cont)

- Voting on voices unless poll demanded: Corporations Regulation 5.6.19
- Poll can be demanded by:
 - Chairperson; or
 - 2 persons present and entitled to vote; or
 - Creditors representing at least 10% of claims.
- When a poll is conducted, a resolution is passed if:
 - more than half the creditors (**in number**) vote in favour of the resolution; and
 - more than half the creditors (**in value**) vote in favor of the resolution.
- If there is a deadlock, the Chairperson may use their casting vote.



Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”)

DIRRI

- DIRRI dated 24 February 2017 - distributed with notice of meeting
- We remain of the view that we are free of any potential conflict of interest

Remuneration

- A schedule of rates was provided with the meeting information.
- Comprehensive remuneration report was provided prior to the second meeting of creditors and in our supplementary reports.



Purpose of Meeting

- Convened under Section 439A of the Corporations Act to:
 - report to creditors on the Company's business, property, affairs and financial circumstances
 - set out the Administrators' opinion on the courses of action available to the Company
 - vote on the Company's future:
 - return Company to its Director; or
 - execute a Deed of Company Arrangement ("DOCA");
 - enter into liquidation; or
 - meeting be adjourned for up to 45 business days.
 - Consider and (if thought fit) approve the Administrators' remuneration
 - Specific resolutions pertaining to a DOCA or liquidation.

Reports pursuant to Section 439A of the Act

- To date, we have issued three reports to creditors pursuant to Section 439A of the Act, as follows:
 - a detailed report dated 21 March 2017;
 - a first Supplementary Report dated 24 March 2017, following receipt of a DOCA proposal from the Director;
 - a second Supplementary Report dated 11 April 2017, which provided details of the Refinance DOCA; and
 - a third Supplementary Report dated 19 April 2017 which provided details of the Litigation DOCA.
- Initial (second) meeting held on 28 March 2017: Creditors resolved a 15 business days adjournment to allow the Director's DOCA proposal (i.e. Refinance DOCA) to be explored.



DOCA proposal – Refinance DOCA

- The focus of this DOCA was broadly to refinance the Secured Creditor and have various unsecured creditors paid in full within 10 business days of the DOCA being executed via a Deed Fund and a Creditors' Trust.

Administrators comments

- Director has not provided evidence that funding has been agreed;
- DOCA did not provide for an upfront contribution towards DOCA drafting costs;
- No evidence provided that deferred creditors agreed to their treatment;
- Practical issues surrounding treatment of purchasers and the granting of caveats;
- No protection provided for Plaintiffs; and
- Administrators have not received books and records.

DOCA proposal – Refinance DOCA (cont)

Advantages

- Secured and (third party) unsecured creditors may be repaid in full on a more timely basis than liquidation;
- Company will exit DOCA quickly; and
- Purchasers (but not litigants) will be granted a caveat over the Land.

Disadvantages

- Antecedent transactions recoveries available to liquidators unavailable;
- The nature/cost of the refinancing unclear;
- Treatment of certain creditor groups unclear;
- Custody and control of the Company will no longer have the protection of External Administrators; and
- Pre-sale holders exposed.

Administrators' recommendation

- **The Administrators cannot presently form a view that the proposed DOCA provides a superior, more certain and timely return than a liquidation of the Company.**
- **Accordingly, the Administrators do not recommend that creditors vote in favour of a DOCA.**



DOCA proposal – Litigation DOCA

- The Company will remain be in a DOCA until all assets are realized and the proceeds distributed to creditors.
- The Director will contribute a Deed Fund totalling \$603,034, which will allow the Deed Administrators to complete Stage 1 of the Company's Kellyville subdivision.
- The Director will control the legal proceedings and will be responsible for the payment of all costs associated with those proceedings, including adverse cost orders that cannot be set off against the purchase price payable by the relevant contract holders.

Administrators Comments

- DOCA did not provide for an adequate upfront contribution towards DOCA drafting costs;
- No evidence supporting the ability to finance the Deed Fund provided;
- We have requested the Director to provide a sum of \$300,000 (either by bank guarantee, payment into Court or otherwise) in relation to adverse costs that may be incurred in the proceedings which has not been addressed; and
- Administrators have not received books and records.

DOCA proposal – Litigation DOCA (cont)

Advantages

- A Deed fund contribution will be available to pay for the subdivision costs;
- Costs of the litigation will be covered by the Director, and therefore not impact the unsecured creditors; and
- Deed Administrators will complete the subdivision of the Land.

Disadvantages

- Antecedent transactions recoveries available to liquidators unavailable;
- Company will remain subject to a DOCA for an extended period of time; and
- Carriage of the litigation will be handed back to the Director.

Administrators' recommendation

- **The Administrators cannot presently form a view that the proposed DOCA provides a superior, more certain and timely return than a liquidation of the Company.**
- **Accordingly, the Administrators do not recommend that creditors vote in favour of the DOCA.**
- **The overall recommendation is to place the Company into liquidation**

Anticipated return to creditors in liquidation

Estimated outcome to creditors

Type of creditor	Estimated outcome in a liquidation
Secured creditor	100%
Unsecured creditors (assuming related party creditors do not participate)	100%
Unsecured creditors (assuming related party creditors participate)	28%-42%

- Under a liquidation scenario, secured creditor and third party (unrelated) unsecured creditors are expected to be repaid in full (assuming related party creditors do not participate in a distribution).
- If related party creditors participate in distributions, the return to unsecured creditors in a liquidation is expected to be in the range of 28 to 42 cents in the dollar.

Resolutions – Administrators' remuneration (cont)

Resolution – remuneration incurred from 18 March 2017 to 28 March 2017.

- The Administrators estimated fees for the period 18 March 2017 to 28 March 2017 totaled \$24,956.00 (which were approved at the second creditors meeting) however the Administrators undertook additional work resulting in further fees incurred.

“That the additional remuneration of the Administrators for the period from 18 March 2017 to 28 March 2017, calculated on hours spent at the rates detailed in the Schedule of Remuneration Methods and Hourly Rates provided to creditors, in the amount of \$38,179.60 (exclusive of GST), is hereby approved for payment.”



Resolutions – Administrators’ remuneration (cont)

Resolution – remuneration incurred from 29 March 2017 to 7 April 2017.

“That the remuneration of the Administrators for the period from 29 March 2017 to 7 April 2017, calculated on hours spent at the rates detailed in the Schedule of Remuneration Methods and Hourly Rates provided to creditors, in the amount of \$24,136.80 (exclusive of GST), is hereby approved for payment.”

Resolutions – Administrators’ remuneration (cont)

Resolution – remuneration incurred from 8 April 2017 to execution of DOCA or the company is put into liquidation.

“That the Administrators’ remuneration for the period from 8 April 2017 to execution of DOCA or the company is put into liquidation shall be a sum equal to the time cost spent by the Administrators, their partners and their staff, calculated at the rates detailed in the Schedule of Remuneration Methods and Hourly Rates provided to creditors, up to the capped amount of \$50,011.00 (exclusive of GST).

Creditors acknowledge that if actual costs incurred are below the amount approved, the Administrators/ Liquidators are only authorised to draw the amount incurred. Creditors also acknowledge that if actual costs incurred exceed the amount approved, the Administrators/ Liquidators will seek further approval from creditors.

The Administrators/Liquidators are approved to draw their remuneration as and when it is incurred from funds under their control”.

Vote on Parkview's future (as per third supplementary report)

▪ Administration to end

- As the Company is insolvent, control of the Company should not be returned to the Director.
- For the reasons set out in our Second Supplementary Report (which have not been addressed), the Administrators cannot presently form a view that the Refinance DOCA provides a superior, more certain and timely return than a liquidation of the Company. Accordingly, the Administrators do not recommend that creditors vote in favour of the Refinance DOCA.
- Given the various issues discussed, the Administrators do not recommend that creditors vote in favour of the Litigation DOCA.

– Having regard to the above, **the Administrators recommend that creditors resolve for the Company to be wound up.**

- Should creditors wish to provide a further opportunity for a DOCA proposal to be developed/refined, they may resolve to adjourn the reconvened meeting for a period of up to a further 30 business days.



Vote on Parkview's future – resolution

Refinance DOCA

“That a Deed of Company Arrangement be entered into and Barry Kogan and Joseph Hayes be appointed as Joint and Several Deed Administrators.”

Litigation DOCA

“That a Deed of Company Arrangement be entered into and Barry Kogan and Joseph Hayes be appointed as Joint and Several Deed Administrators.”



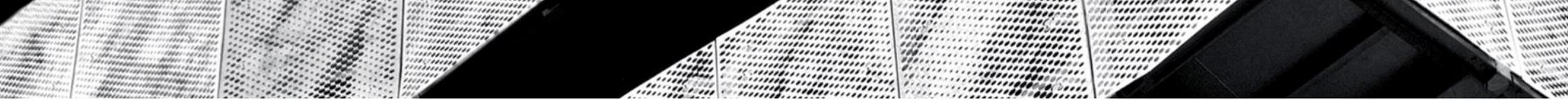
Vote on Parkview's future – resolution (cont)

Liquidation

“That Parkview Estate Pty Ltd (Administrators Appointed) be wound up, and Barry Kogan and Joseph Hayes be appointed Joint and Several Liquidators.”

Adjourn meeting for up to 30 business days:

“That the creditors of the Company vote for the adjournment of the second meeting of creditors for a period of up to 30 business days”.



Committee of Inspection (if required)

- Committee of Inspection can be formed by creditors, in a liquidation.
- Role:
 - consult with the Liquidators about matters relating to the liquidation;
 - receive and consider reports by the Liquidators; and
 - approve Liquidators' fees
- Committee of Inspection cannot instruct the Liquidators, but acts as a sounding board.

Committee of Inspection – Resolution (if required)

“That:

..... representing

be appointed to the Committee of Inspection of Parkview Estate Pty Ltd (In Liquidation).”

Resolutions – Liquidators' remuneration (if required)

“That the initial remuneration of the Liquidators, for the period of the liquidation, shall be a sum equal to the time cost spent by the Liquidators, their partners and their staff, calculated at the rates detailed in the Schedule of Remuneration Methods and Hourly Rates provided to creditors, up to an initial capped amount of \$157,975.00 (exclusive of GST).

Creditors acknowledge that if actual costs incurred are below the amount approved, the Liquidators are only authorised to draw the amount incurred. Creditors also acknowledge that if actual costs incurred exceed the amount approved, the Liquidators will seek further approval from creditors.

The Liquidators are approved to draw their remuneration as and when it is incurred from funds under their control”.



Comprise of debt and extended contractual – Resolutions (if required)

Compromise debt resolution

“That so far as is necessary for the beneficial winding up of Parkview Estate Pty Ltd (In Liquidation) the Liquidators are hereby authorised pursuant to subsections 506(1A), and 477(2A) of the Corporations Act 2001 to compromise any debt to Parkview greater than the prescribed amount (currently \$100,000).”

Extended contractual arrangement resolution

“That so far as necessary for the beneficial winding up of Parkview Estate Pty Ltd (In Liquidation) the Liquidators are hereby authorised to enter into agreements that may take longer than three months to complete pursuant to section 477(2B) of the Corporations Act 2001.”

Resolutions –Deed Administrators’ remuneration (if required)

“That the initial remuneration of the Deed Administrators and Creditors’ Trustees, for the period of the DOCA and Creditors Trust, shall be a sum equal to the time cost spent by the Deed Administrators/ Creditors’ Trustees, their partners and their staff, calculated at the rates detailed in the Schedule of Remuneration Methods and Hourly rates provided to creditors, up to an initial capped amount of \$75,268.50 (exclusive of GST).

Creditors acknowledge that if actual costs incurred are below the amount approved, the Deed Administrators/ Creditors’ Trustees are only authorised to draw the amount incurred. Creditors also acknowledge that if actual costs incurred exceed the amount approved, the Deed Administrators/ Creditors’ Trustees will seek further approval from creditors.

The Deed Administrators/ Creditors’ Trustees are approved to draw their remuneration as and when it is incurred from funds under their control”.

Q & A

