



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

Reconvened Second meeting of creditors

12 May 2017



McGrathNicol



Agenda

- Formalities
- Voting
- DIRRI
- Purpose of the meeting
- Administrators' 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)
 - Louise Mann (Senior Manager)
 - Thomas Scarf (Assistant Manager)
 - Leonard McCarthy, 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 first 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 a further (and final) 15 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 four 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;
 - a third Supplementary Report dated 19 April 2017 which provided details of the Litigation DOCA; and
 - a fourth Supplementary Report dated 5 May 2017 which provided updated details and amendments to both the Refinance and Litigation DOCAs.
- At the adjourned second meeting held on 20 April 2017: Creditors resolved a 15 business day adjournment to allow the Director's Litigation DOCA proposal to be amended in light of the Administrators detailed feedback.



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

- The proposed refinance facility is for a short period and high interest rate/default rate (which may expose creditors to a risk of default).
- The incoming financier has not provided confirmation that they will recognize the caveats as envisioned in the DOCA.
- DOCA did not provide for an upfront contribution towards DOCA drafting costs; and
- No evidence provided that deferred creditors agreed to their treatment.

DOCA proposal – Refinance DOCA (cont)

Advantages

- Secured and (third party) unsecured creditors may be repaid in full on a more timely basis than liquidation; and
- Company will exit DOCA quickly.

Disadvantages

- The pre-sale holders are protected by caveats (to some extent), however they will continue to be exposed if there is a default.
- Antecedent transaction recoveries available to liquidators unavailable; and
- Custody and control of the Company will no longer have the protection of External Administrators.

Administrators' recommendation

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

- The Administrators note that the Director, in the main, has addressed the previous concerns.
- We note that:
 - An indicative loan offer (to related parties) has been provided; and
 - The Director's ability to appeal now requires confirmation from Senior Counsel that the Company has reasonable prospects of success.

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.
- Deferral of related parties creditors

Disadvantages

- There is no financial contribution from the Director for adverse costs (should they occur);
- The Company will remain subject to the DOCA for an extended period of time; and
- Antecedent transactions recoveries available to liquidators unavailable.

Administrators' recommendation

- **The Administrators recommend that creditors vote in favour of the Litigation DOCA (subject to minor drafting corrections, provision of the \$25,000 advance payments as proposed and related parties being party to the DOCA).**
- **The Administrators do not recommend that creditors resolve for the Company to be wound up.**

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 8 April 2017 to 28 April 2017.

- Our fees for the period 8 April 2017 to the execution of the DOCA or the date upon which the company is put into liquidation were approved at the last meeting to total \$50,011.00 (exclusive of GST). Due to the adjournment and additional costs incurred, this resolution is redundant and the following resolution is now proposed:

“That the remuneration of the Administrators for the period 8 April 2017 to 28 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 \$64,797.00 (exclusive of GST), is hereby approved for payment.”



Resolutions – Administrators' remuneration (cont)

Resolution – remuneration incurred from 29 April 2017 to execution of DOCA or the company is put into liquidation.

“That the Administrators’ remuneration for the period from 29 April 2017 to execution of the DOCA or to the date 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 \$15,001.00 (exclusive of GST).

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

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



Vote on Parkview's future (as per fourth 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 Fourth Supplementary Report, 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.
 - For the reasons set out in our Fourth Supplementary Report, the Administrators do not recommend that creditors resolve for the Company to be wound up.
- Having regard to the above, on balance, **the Administrators recommend that creditors vote in favour of the Litigation DOCA (subject to minor drafting corrections, provision of the \$25,000 advance payments as proposed and related parties being party to the DOCA).**
- 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 (and final) 15 business days.



Vote on Parkview's future – resolution

Refinance DOCA

“That a Deed of Company Arrangement substantively in the form of the Refinance DOCA 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 substantively in the form of the Litigation DOCA 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 15 business days:

“That the creditors of the Company vote for the adjournment of the second meeting of creditors for a period of up to 15 business days.”

Resolutions – Deed Administrators' remuneration (if required)

Litigation DOCA

- **“That the initial remuneration of the Deed Administrators, for the period of the Litigation DOCA, shall be a sum equal to the time cost spent by the Deed 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 an initial capped amount of \$100,046.50 (exclusive of GST).**

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

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



Committee of Inspection (if required)

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

Committee of Inspection – Resolution (if required)

“That:

- representing*
- representing*
- representing*
- representing*
- representing*

be appointed to the Committee of Inspection of Parkview Estate Pty Ltd (Subject to Deed of Company Arrangement).”

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.”



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*
- representing*
- representing*
- representing*
- representing*

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

Resolutions – Deed Administrators' remuneration (if required)

Refinance DOCA

“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”.



Committee of Inspection (if required)

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

Committee of Inspection – Resolution (if required)

“That:

- representing*
- representing*
- representing*
- representing*
- representing*

be appointed to the Committee of Inspection of Parkview Estate Pty Ltd (Subject to Deed of Company Arrangement).”

Q & A



