

**And Chill Pty Ltd (AC)
And Chill Property Management Pty Ltd (ACPM)
(Administrators Appointed to both)
(collectively known as “And Chill” or “the Companies”)**

First Meeting of Creditors

Wednesday, 10 July 2019



McGrathNicol



Agenda

- Meeting formalities
- Purpose of today's meeting
- Background on And Chill
- Administration and strategy
- Property Services Compensation fund and Fair Entitlement Guarantee (FEG) scheme
- Questions
- Resolutions

Meeting formalities

- Open meeting
- Administrator is Chairperson: IPR 75-50
- Introductions:
 - Kathy Sozou (Administrator and Chairperson)
 - Barry Kogan (Administrator) – attending by telephone
 - Rajiv Goyal (Director, McGrathNicol)
- Attendance register
- Voting Time and place convenient: IPR 75-30
- Quorum: IPR 75-105
- Proofs of debt and proxies

Resolution – meetings to be held concurrently

“That the meetings of creditors of each of the Companies, being:

- *And Chill Pty Ltd (Administrators Appointed)*
- *And Chill Property Management Pty Ltd (Administrators Appointed)*

be held concurrently.”

Purpose of today's meetings

- Convened under Section 436E of the Corporations Act to:
 - consider the removal of the Administrators and appoint an alternative Administrator who has consented to act; and
 - determine whether to appoint a Committee of Inspection to each Company and, if so, who are to be the Committee members.
- These meetings have no authority to consider any other business
- At the second statutory meetings, a decision is made regarding the Companies' future

DIRRI and remuneration

DIRRI

- DIRRI dated 3 July 2019 - distributed with notice of meetings
- We remain of the view that we are free of any potential conflict of interest
- \$130,000 cash indemnity received from the secured creditor, Partners for Growth (**PFG**)
- DIRRI tabled and available for inspection

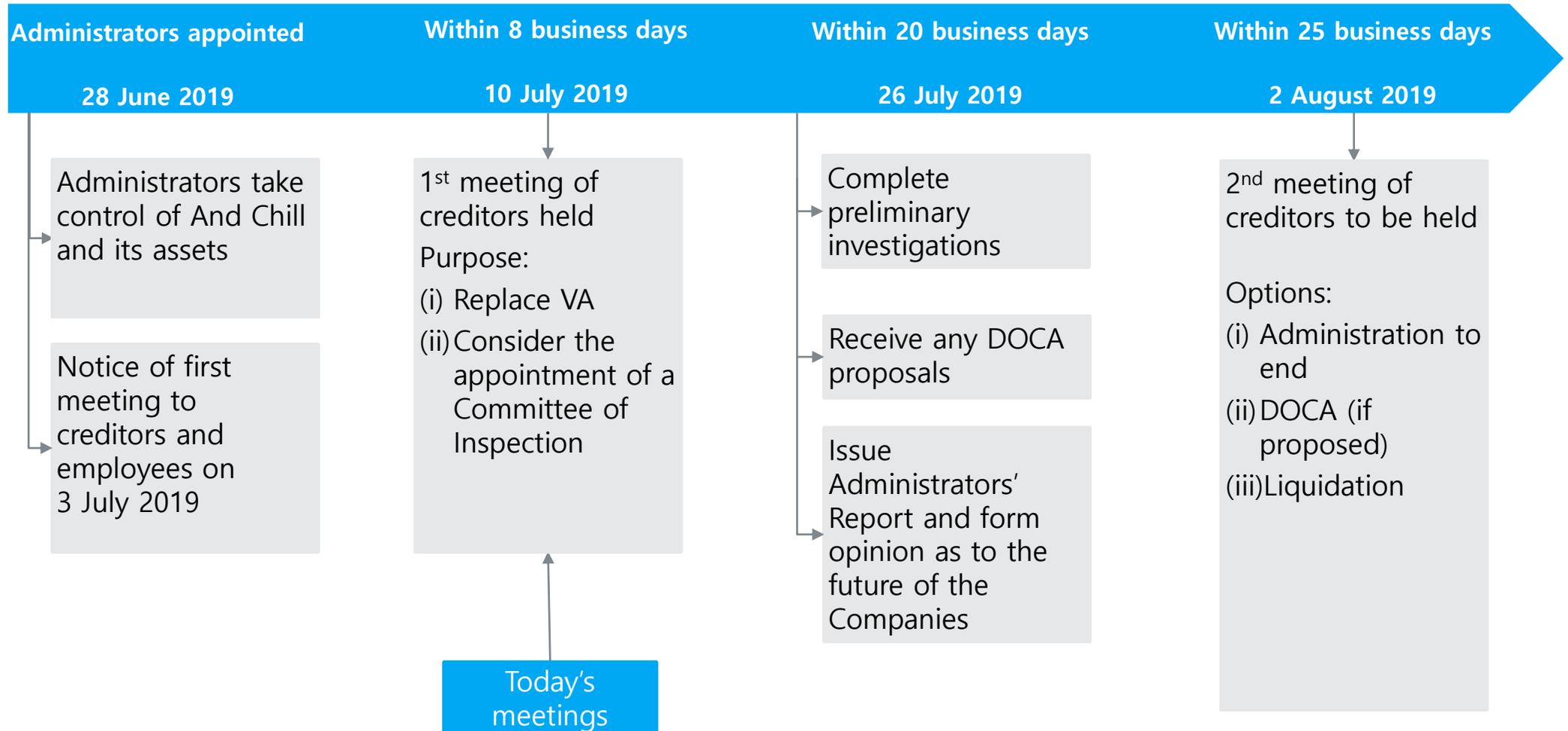
Remuneration

- Schedule of rates provided with meeting information
- Comprehensive remuneration report will be provided prior to seeking approval of fees

Purpose of administration and role of the Administrators

- Administration provides moratorium period for investigation and determination of the company's future:
 - Administration to end and control to return to director; or
 - Deed of Company Arrangement; or
 - Liquidation.
- Whilst appointed by the director over AC and separately by PFG over ACPM, act in the interests of all creditors
- Director's powers are suspended and Administrators are in control of the company
- Holding meetings of creditors
- Investigating the reasons for failure and actions of the director(s)
- Making recommendations about the future of the Companies

Administration timeline



Corporate structure

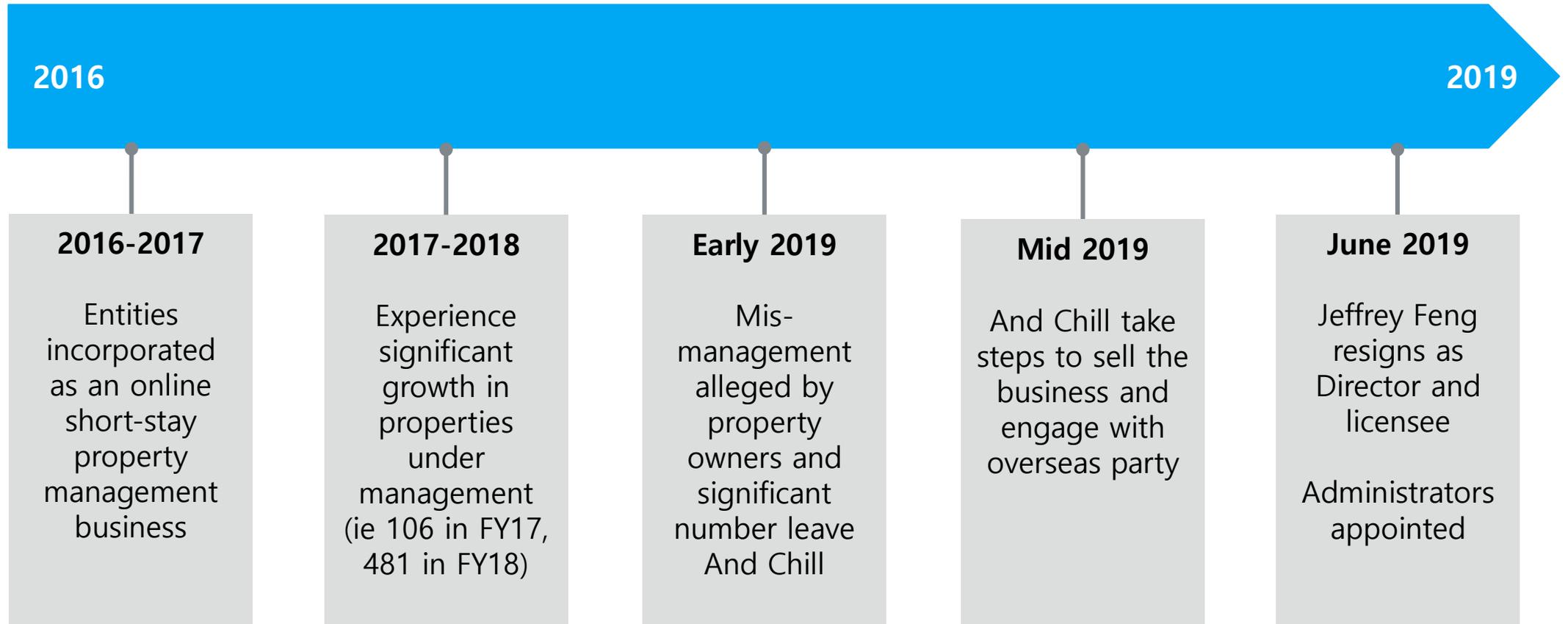
PFG security



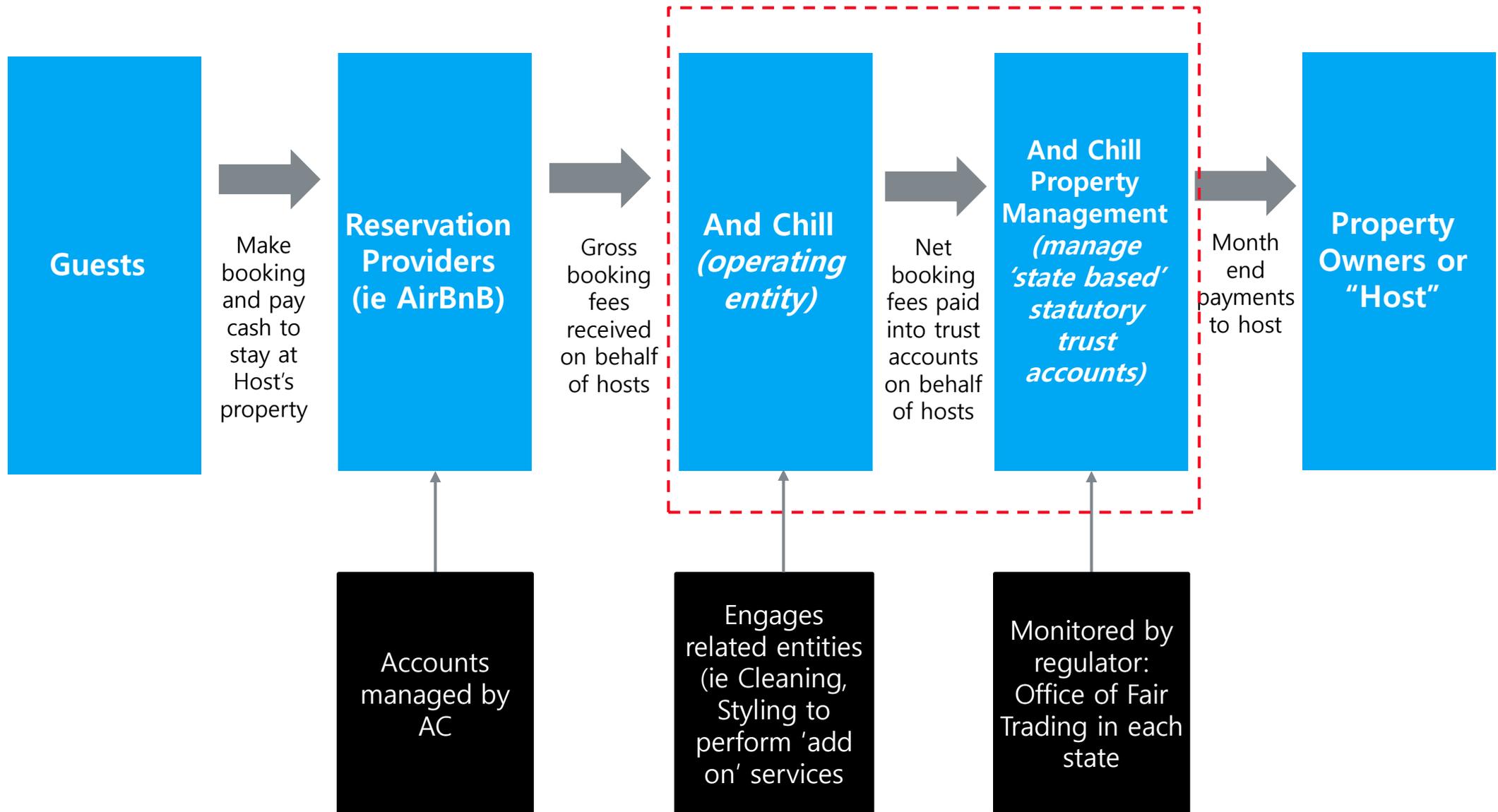
 Companies subject to our appointment

 Appointment made by secured creditor, PFG. No current director.

And Chill history



Business model



Snapshot at appointment

Estimated Creditor claims	
	\$'000
AC	
Secured creditor	1,750
Employee creditors	138
Unsecured creditors	791
Subtotal AC	2,679
ACPM	
Landlords	550
Subtotal ACPM	550
Total creditor debts (AC and ACPM)	3,229

- At appointment there was c.\$20,000 in the company bank account. All statutory 'trust' bank accounts were closed one week prior to our appointment with minimum funds.
- There were approximately 12 employees at appointment - All have now been terminated.
- Company managed circa 120 properties. Property owners were notified on appointment Administrators will not be continuing operations and for them to secure their assets.
- There were no tangible assets to realise.

Administration strategy and actions to date

Overall strategy

- Cease trading the business on appointment due to insufficient funds
- Attempt to sell the customer list and associated intellectual property (IP)

Notification

- Notified all creditors, major financial institutions, statutory bodies of appointment including the Departments of Fair Trading (QLD and NSW offices)

Investigations

- Secured books and records, backup of servers/hard drives
- Commence preliminary investigations

Employees

- Terminated the majority of staff, keeping minimal staff to assist with sale of IP and collection of key information

Guests

- Contacted booking holders to advise them of our appointment and to advise them to seek alternative booking arrangements

Property owners

- Contacted home owners to advise them of our appointment and to advise them to make their own arrangements moving forward

Sale

- Engaged MC Rent Roll Broking to assist with an immediate sale of the IP
- Sale could not be achieved

1st meeting of Creditors

- Issued 1st circular to creditors
- Prepared for the 1st meeting of creditors

Administrators' investigations

- Investigating the reasons for the Companies' failures and the conduct of the Director (Callum Forbes) and the Former Director/Licensee (Jeffrey Feng).
- Key lines of enquiry include:
 - Insolvent trading
 - Unreasonable Director Related Transactions
 - Discharge of Directors' duties
 - Voidable transactions
 - Unfair preference payments
 - Transactions at undervalue
 - Fraudulent transactions
- To date, the Director has not been co-operative.

There are no tangible assets to realise. Any return to creditors will be subject to claims against third parties (including the Director and Former Director)

Property Services Compensation Fund

Background

- NSW (and other states) have a compensation fund to assist people who are out of pocket because an agent has failed to account for money held in trust.
- Managed by the 'state based' Department of Fair Trading.

Allegations

- And Chill managed properties across Australia.
- Property owners have alleged monies have been misappropriated by and Chill.
- These property owners may be able to make a claim on their respective 'state based' compensation fund.

Actions to date

- On 2 July 2019, Office of Fair Trading Queensland appointed Receiver (PwC Qld) over a number of Queensland And Chill trust bank accounts. We are working with the Receivers.
- We are in active discussions with the Office of Fair Trading New South Wales to assist with their own enquires.

How to make a claim

- Claims against the compensation fund must be made in writing by completing the appropriate claim form and lodging it with the relevant state based Department of Fair Trading.
- Further details included on our website and separate communications will be issued shortly.

Fair Entitlements Guarantee (FEG) scheme

- In the event of liquidation, FEG assistance becomes available
- Eligible employees may claim:
 - unpaid wages, up to 13 weeks;
 - unpaid annual leave and long service leave;
 - payment in lieu of notice, up to five weeks; and
 - redundancy pay, up to four weeks per full year of service (**and Chill employees may not be able to claim redundancy as may be regarded as a small business, ie less than 15 employees**)
- Unpaid superannuation contributions cannot be claimed
- Eligibility requirements include Australian permanent residency
- Further information can be found at www.jobs.gov.au

Possible administration outcomes at 2nd meeting

Deed of Company Arrangement (DOCA)

- A DOCA is a binding arrangement between a company and its creditors
- If a DOCA is proposed, details of the DOCA, including estimated returns to creditors, will be included in the Administrators' report

Liquidation

- Insolvent trading and voidable transactions can be pursued
- Eligible employees may access FEG

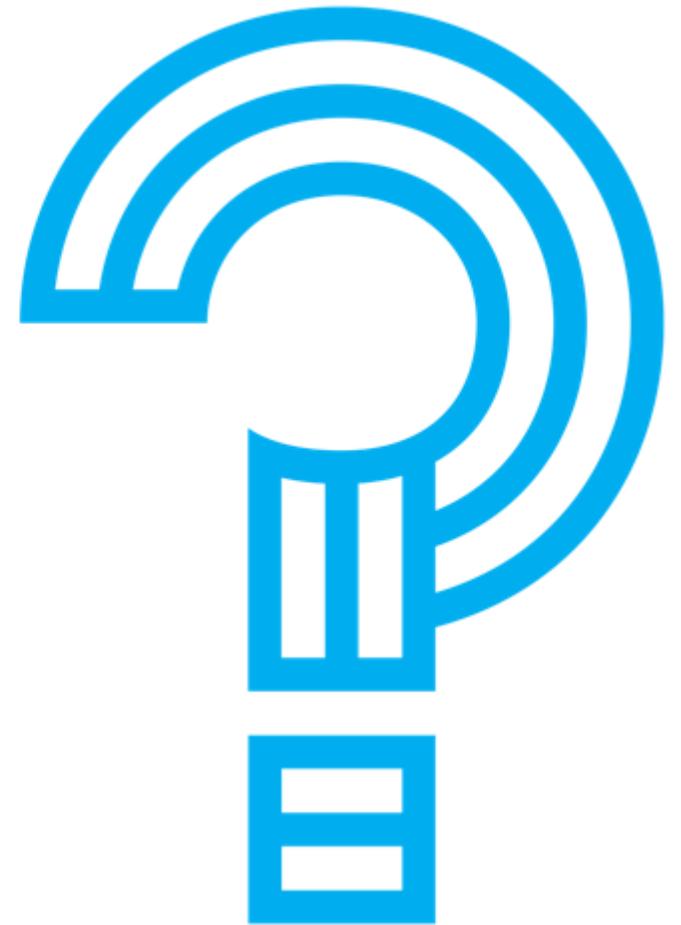
Returned to the Director

- And Chill is returned to the control of the Director (only feasible if the Companies are solvent at the time)

In the Administrators' Report to creditors, the Administrators will provide their recommendation to creditors on voting on the above options

Q & A

- Please state your name, creditor you are representing and entity claiming in for the minutes



Resolutions – Removal and replacement of Administrators

- Section 436E(4) of the Corporations Act 2001 allows creditors the opportunity to appoint an alternative Administrator if they so choose
- Prior to the meetings today, I have not been made aware of any alternative Administrator having been nominated or consenting to act
- If there is no alternative Administrator nominated, there will be no resolution put to creditors

Resolutions – Committee of Inspection

- Role:
 - consult with the Administrators about matters relating to the administration;
 - receive and consider reports by the Administrators; and
 - approve Administrators' fees.
- Nominations?

The Administrators do not recommend a Committee of Inspection be formed for the Companies

Resolutions – Committee of Inspection

“That a Committee of Inspection of(all Administrators Appointed) be formed and that:

.....
.....
.....
.....

be appointed to the Committee of Inspection of (all Administrators Appointed)”.

List of entities

- And Chill Pty Ltd
- And Chill Property Management Pty Ltd



Resolutions – Replacement of Voluntary Administrator

- Resolution – replacement of Voluntary Administrator (if required)

*“That Barry Kogan and Kathy Sozou are replaced as Administrators of the Companies and
..... is/are appointed as Voluntary Administrators of*

- And Chill Pty Ltd (Administrators Appointed)
- And Chill Property Management (Administrators Appointed)

