



Gregorski Investments Pty Ltd (In Liquidation)
ACN 156 032 594
(Gregorski Investments)

Initial Information for Creditors

Jamie Harris and I were appointed Liquidators of Gregorski Investments on 26 July 2019.

We have been appointed to represent the interests of all creditors. We are responsible for locating Gregorski Investments' assets, investigating its affairs, reporting to the Australian Securities and Investments Commission (ASIC) and, if funds become available, paying money owed to creditors.

According to Gregorski Investments' records, you may be a creditor of Gregorski Investments.

The purpose of this document is to provide you with information about the liquidation and your rights as a creditor.

Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)

We enclose our DIRRI. Our independent status and who appointed us is outlined in our DIRRI.

What do you need to know?

Question	Answer
What is a court liquidation?	A court liquidation is where a creditor that is owed money by the company successfully applies for an order that the company be placed into liquidation on the grounds that the company is insolvent.
What are your rights as a creditor?	We enclose a copy of the information sheet "Creditor Rights in Liquidations" issued by the Australian Restructuring Insolvency & Turnaround Association (ARITA). It includes information on your rights to: <ul style="list-style-type: none">▪ make reasonable requests for a meeting;▪ make reasonable requests for information;▪ give directions to the Liquidators;▪ appoint a reviewing liquidator; and▪ replace us as Liquidators.
What happens to your debt?	All creditors of Gregorski Investments are now creditors in the liquidation and will now be dealt with in the liquidation. The amount of money you receive depends on the amount we recover, including from locating, securing and selling Gregorski Investments' assets. After paying our fees, creditors share in any remaining money proportionally. If funds are available, the amount paid is called a dividend. A dividend can vary between creditors because the law entitles different types of creditors to be paid before other types of creditors. In addition, a dividend will only be paid where there are sufficient recoveries in the liquidation, which will not always be the case. If you have leased property to Gregorski Investments, have a retention of title claim or have a registered personal property securities interest in relation to Gregorski Investments, please contact Madison Maurer on (07) 3333 9853 as soon as possible.



Question	Answer
<p>Do you have to do anything?</p>	<p>You should read this information. You can choose to participate in the liquidation process, but you don't have to.</p> <p>If we need you to take action, we will write and ask you. For example, we may ask you to provide proof of your debt before we can pay you a dividend.</p> <p>If you do not think you are a creditor, please let us know.</p>
<p>What has happened in the liquidation so far?</p>	<p>On 26 June 2019, Gregorski Investments was placed into Voluntary Administration. Prior to this, the Australian Taxation Office had commenced winding up proceedings against Gregorski Investments in respect of unpaid taxation obligations. On 26 July 2019, William Harris and I were appointed Liquidators of Gregorski Investments pursuant to Court Order QUD 337/2019.</p> <p>Gregorski Investments carried on no business in its personal capacity, but was formerly the trustee of two trusts, the Gregorski Property Trust and the Gregorski Investment Trust (Trusts). A summary of the Trusts is outlined below:</p> <ul style="list-style-type: none"> ▪ The Gregorski Property Trust owns the real property at 320 Boundary Street, Spring Hill in Queensland (Alliance Hotel property); and ▪ The Gregorski Investments Trust previously owned the business that operated from the Alliance Hotel property (before it was sold to a third party). <p>Prior to the appointment of Liquidators, the directors of Gregorski Investments purported to replace Gregorski Investments as trustee of the Gregorski Property Trust. Accordingly, the Liquidators have corresponded with the new trustee and will continue to take steps as required to protect the position of creditors, whose debts were incurred by Gregorski Investments as trustee of the Trusts.</p>
<p>What is the cost of the liquidation?</p>	<p>We get paid out of Gregorski Investments' money, including realisations from assets or from money paid to us by others, which may include funds contributed by Gregorski Investments' creditors. If there is not enough money in the liquidation, we do not get paid in full.</p> <p>We enclose our Initial Remuneration Notice, which provides you with information about how we propose to be paid for undertaking the liquidation.</p> <p>We may write and ask that you approve our remuneration for the work that we do in completing the liquidation. If we do, we will provide you with detailed information about what tasks we have undertaken and the costs of those tasks.</p>



Question	Answer
What further communication will you receive?	<p>We will write to you within three months of our appointment advising whether a dividend is likely and update you on the progress of our investigations.</p> <p>We may also send you updates on the progress of the liquidation, or proposals to approve certain matters in the liquidation, at any time.</p> <p>If we consider it to be in the interests of creditors, we will hold a meeting to communicate with creditors. Further, if we receive a request for a meeting that complies with the guidelines set out in the creditor rights information sheet, we will also hold a meeting of creditors.</p>
What happens next?	<p>We will proceed with the liquidation, which will include:</p> <ul style="list-style-type: none">▪ recovering and selling any available property;▪ investigating 's affairs;▪ reporting to the corporate regulator, ASIC; and▪ distributing any available funds to creditors in accordance with their priority.
Where can you get more information?	<p>ARITA provides information to assist creditors to understand liquidations and insolvency. This information is available from ARITA's website at www.arita.com.au/creditors.</p> <p>A copy of the information sheet, "Insolvency information for directors, employees, creditors and shareholders", issued by ASIC is also enclosed for your information.</p>

If you have any queries, please contact Madison Maurer. For further information about this engagement, please refer to the website www.mcgrathnicol.com/creditors.

Dated: 23 August 2019

Anthony Connelly
Liquidator

Enclosures:

- 1 ARITA Information Sheet - Creditor Rights in Liquidations
- 2 Declaration of Independence, Relevant Relationships and Indemnities
- 3 Initial Remuneration Notice
- 4 ASIC Information Sheet - Insolvency information for directors, employees, creditors and shareholders

Creditor Rights in Liquidations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by $\geq 5\%$ of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$ but $< 25\%$ of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$ of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

Additionally, creditors have the right to request information at any time. A liquidator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the liquidation, and the provision of the information would not cause the liquidator to breach their duties.

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons.

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

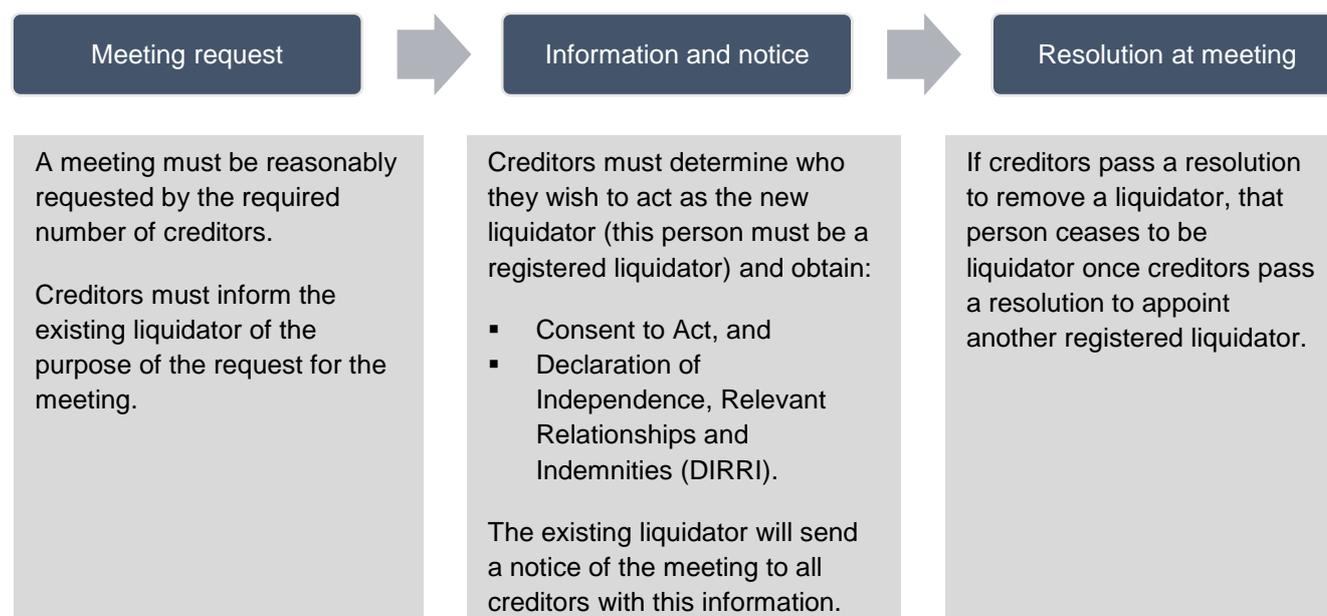
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



For more information, go to www.arita.com.au/creditors



Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)

Gregorski Investments Pty Ltd (In Liquidation)
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The *Corporations Act 2001* and professional standards require the Practitioners appointed to an insolvent entity to make a declaration as to:

- A. their independence generally;
- B. relationships, including
 - a) the circumstances of the appointment;
 - b) any relationships with the Company and others within the previous 24 months;
 - c) any prior professional services for the Company within the previous 24 months;
 - d) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

The following declaration addresses these issues and is made on behalf of ourselves, our partners and the firm McGrathNicol, which for the purpose of this declaration includes the McGrathNicol Partnership, the McGrathNicol Advisory Partnership and McGrathNicol Services Pty Ltd.

A. Independence

We, Anthony Connelly and William Harris, of the firm McGrathNicol have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Liquidators of Gregorski Investments in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

(i) Circumstances of appointment

This appointment was referred to us by Craddock Murray Neumann Lawyers Pty Ltd (**Craddock Murray Neumann**).

On 17 May 2019, Anthony Connelly received correspondence from Rachel Zagorskis of Craddock Murray Neumann advising that it was instructed by its client, the Deputy Commissioner of Taxation (**Deputy Commissioner**), to commence proceedings in the Federal Court of Australia for the winding up of Gregorski Investments.

On 17 May 2019, having undertaken a conflict check, McGrathNicol provided Craddock Murray Neumann with a consent to act as Liquidators of Gregorski Investments. On 26 July 2019, the Federal Court of Australia ordered the winding up of Gregorski Investments.

From time to time, Craddock Murray Neumann refers formal insolvency appointments to McGrathNicol.

This referral does not affect our independence or result in a conflict of interest or duty for the following reasons:

- each professional engagement undertaken on referral by Craddock Murray Neumann in relation to a particular entity is conducted on an entirely separate basis and is commenced only after full regard is given to potential conflicts of interest in relation to all interested parties;
- no prior engagements have been undertaken by McGrathNicol in relation to Gregorski Investments;
- the referral was unconditional; and
- our limited dealings with Craddock Murray Neumann outlined above do not impact on our independence as it does not result in any duty owed to the creditor it represents that would conflict with our duties as Liquidators.

We have provided no information or advice to Gregorski Investments nor its directors prior to our appointment.



(ii) Relevant Relationships (excluding professional services to the Insolvent)

Neither we, nor our firm, have, or have had, within the preceding 24 months, any relationships with Gregorski Investments, an associate of Gregorski Investments, a former insolvency practitioner appointed to Gregorski Investments or any person or entity that has security over the whole or substantially whole of Gregorski Investments' property.

(iii) Prior professional services to the Insolvent

Neither we, nor our firm, have provided any professional services to Gregorski Investments, in the previous 24 months.

(iv) No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with Gregorski Investments, an associate of Gregorski Investments, a former insolvency practitioner appointed to Gregorski Investments or any person or entity that has security over the whole or substantially the whole of Gregorski Investments' property that should be disclosed.

C. Indemnities and Up-front Payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 23 August 2019

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Anthony Connelly

.....
William Harris

Note:

- 1 If the circumstances change or new information is identified, we are required under the *Corporations Act 2001* and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication, as well as table a copy of any replacement Declaration at the next meeting of the insolvent's creditors.
- 2 Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Please note that the presentation of the above information is in accordance with the standard format suggested by ARITA.



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Initial Remuneration Notice

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The purpose of the Initial Remuneration Notice is to provide you with information about how we propose our remuneration for undertaking the liquidation will be set.

1 Remuneration methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

- A. Time based/hourly rates:** This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work, multiplied by the number of hours spent by each person on each of the tasks performed.
- B. Fixed Fee:** The total fee charged is normally quoted at the commencement of the external administration and is the total cost for the external administration.
- C. Percentage:** The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.
- D. Contingency:** The practitioners' fee is structured to be contingent on a particular outcome being achieved.

1.1 Method chosen

Given the nature of this external administration, we propose that our remuneration be calculated on a time basis which will be recorded and charged in six minute increments. Details of the hourly rates for different levels of staff are included below. The complexity and demands of the external administration will determine the staff to be utilised for this appointment.

We have chosen the time based method because:

- This method is considered to be most suitable for this appointment as it ensures creditors are only charged for work that is performed in the external administration, which can be difficult to accurately estimate at the date of appointment.
- Even later than the date of appointment, it can be difficult to estimate the time that may be required in advance of the substantive work being undertaken. The time based method in this case again ensures that creditors are only charged for work that is actually performed in the external administration.
- The practitioner is required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to the Australian Securities and Investments Commission (**ASIC**) and distributing funds in accordance with the provisions of the *Corporations Act 2001*.
- The practitioner has a time recording system that can produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the external administration.
- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed.



2 Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table, together with a general guide showing the qualifications and experience of staff engaged in the external administration and the role they take in the external administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly rate (excl GST)
Appointee/Partner	Registered liquidator, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.	\$630
Director 1	Generally Chartered Accountant or comparable qualification and degree qualified with more than ten years of experience, including four years of Director or equivalent experience. Autonomously leads complex insolvency appointments reporting to Appointee/Partner.	\$575
Director	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than nine years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.	\$540
Senior Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium insolvency appointments and leads major workstreams in larger matters.	\$490
Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on workstreams in larger matters.	\$460
Assistant Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages workstream activity within appointments.	\$420
Senior Accountant	Generally degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within workstreams and appointments under supervision.	\$380
Accountant	Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within workstreams and appointments under supervision.	\$300
Undergraduate/Cadet	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	\$180



Title	Description	Hourly rate (excl GST)
Practice Services Director	National Practice Service leaders, generally degree qualified with more than ten years of experience and reporting directly to partners. Technical experts in their specific areas and have team management responsibilities.	\$580
Senior Treasury staff	Appropriately experienced and undertakes senior Treasury activities such as oversight of the processing of payment of receipts and banking administration. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$420
Senior Client Administration and Treasury	Appropriately experienced and undertakes senior level administrative support activities or Treasury activities. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$330
Administration	Appropriately experienced and undertakes support activities such as meeting coordination and preparation of materials where it is efficient and appropriate to do so.	\$170

The above hourly rates are effective 1 July 2018. McGrathNicol reviews its hourly rates on either 31 December or 30 June (whichever occurs first) and McGrathNicol may seek approval for increased rates for work continuing past that date.

Creditors will be advised of any change to the hourly rates for this external administration.

3 Estimated remuneration

Prior to the appointment of Liquidators, the directors of Gregorski Investments purported to replace Gregorski Investments as trustee of the Gregorski Property Trust. Accordingly, the Liquidators have corresponded with the new trustee and have commenced action in the Federal Court of Australia to protect the position of creditors, whose debts were incurred by Gregorski Investments as trustee of the Gregorski Property Trust and the Gregorski Investment Trust (**Trusts**).

Given the significant level of work completed to date and in anticipation of future work required to secure the assets of the Trusts (the extent of which is currently unknown), we estimated that the external administration may involve remuneration for the practitioners of approximately \$80,000 (GST exclusive) to \$120,000 (GST exclusive).

Other variables that may have a significant effect on this estimate include:

- the time that may be required to obtain books, records, funds and assets (if any) from the parties that hold them;
- the number and value of claims that may be received in the external administration and work that may be required to adjudicate on those claims for voting and/or dividend purposes;
- work that may be required to distribute funds to creditors;
- investigations that may be required to ascertain the existence and location of any other assets, including potential legal actions that may be available to the external administrator; and
- any identified matters that are required to be reported to statutory authorities, such as ASIC.

Creditors should be aware that remuneration can only be drawn from available asset realisations, including recoveries from legal actions.



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4 Disbursements

Disbursements are divided into three types:

- **Externally provided professional services** – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** – such as travel, accommodation, external printing services and search fees – these are recovered at cost.
- **Internal disbursements** – such as photocopying, printing and postage. These disbursements are generally charged at cost but may include, in the case of disbursements such as data storage and hosting, telephone calls, photocopying and printing, both direct variable and fixed costs. For example the rate per page for printing includes a reasonable and commercial allowance for paper, toner, depreciation, power and maintenance.

We are not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of internal disbursements where there may be a profit or advantage. Creditors will be asked to approve our internal disbursements where there is a profit or advantage prior to these disbursements being paid from the external administration.

Details of the basis of recovering disbursements in this external administration are provided below.

For clarity, it is noted that any time costs of any employee of McGrathNicol or any associated entity will be reported as part of our remuneration, for which approval may be sought.

Basis of disbursement claim

<i>Disbursement type</i>	<i>Rate (excl. GST)</i>
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements	
Advertising	At cost
Courier	At cost
Data hosting – data loading & processing fee	\$50-\$100 per gigabyte (GB)*
Data hosting – monthly hosting fee (for matters where data is required to be hosted online for more than 1 month)	Standard monthly hosting fee of \$2,000 per month (for up to 500GB of information loaded) plus \$2,000 per month for every additional 500GB block over and above 500GB
Printing – black and white	\$0.09 per page



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Printing – Colour	\$0.28 per page
Postage	At cost
Stationery and other incidental disbursements	At cost
Staff per diem travel allowance**	\$89.00 per day***
Staff vehicle use	\$0.68 per km***
Telephony – mobile, fixed line and conference calls	At cost

* Depending on volume of data to be hosted

** 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

Further explanation of data hosting disbursements

In the conduct of this external administration, we may use McGrathNicol Technology Advisory 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 Technology Advisory, 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.

Dated: 23 August 2019

Anthony Connelly
Liquidator



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

This information sheet (INFO 39) lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

List of information sheets

- [INFO 41](#) Insolvency: A glossary of terms
- [INFO 42](#) Insolvency: A guide for directors
- [INFO 43](#) Insolvency: A guide for shareholders
- [INFO 45](#) Liquidation: A guide for creditors
- [INFO 46](#) Liquidation: A guide for employees
- [INFO 54](#) Receivership: A guide for creditors
- [INFO 55](#) Receivership: A guide for employees
- [INFO 74](#) Voluntary administration: A guide for creditors
- [INFO 75](#) Voluntary administration: A guide for employees
- [INFO 84](#) Independence of external administrators: A guide for creditors
- [INFO 85](#) Approving fees: A guide for creditors

Where can I get more information?

Further information is available from the [ARITA website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

This is **Information Sheet 39 (INFO 39)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.