



Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)

Urban Couture Pty Ltd (Administrators Appointed) ACN 162 945 995 ("the Company")

The Corporations Act 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.

This declaration is made in respect of ourselves, our partners, 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, Barry Kogan and Katherine Sozou, of the firm McGrathNicol have undertaken a proper assessment of the risks to our independence prior to accepting the nomination as potential liquidators of the Company 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, if made.

B. Declaration of Relationships

(i) Circumstances of appointment

The nomination as potential liquidators was referred to us by Jonathan Yeo, a partner at Rothsay Chartered Accountants, the accountant and business advisor for Barry Holland, an unsecured creditor and a 20% shareholder of the Company.

Mr Holland provided strategic advice to the Company. We note that pursuant to the Voluntary Administrators' report dated 6 February 2019, Mr Holland may have received an unfair preference of \$125,000.

We believe this referral does not result in a conflict of interest or duty because:

- no other referrals have been received from Rothsay;
- this referral is unconditional; and
- referrals between professional advisors are common place in the insolvency industry.

On 7 February 2019, Rajiv Goyal (McGrathNicol Director) was contacted by Mr Yeo advising that his client, Mr Holland had concerns around the independence and also the conduct of the current Voluntary Administrators.



Details of the alleged conflict of interest were provided to Mr Goyal and he was requested to attend the second meeting of creditors, as an observer on behalf of Mr Holland.

On 13 February 2019, Mr Goyal attended the second meeting of creditors, as an observer with Mr Holland and Mr Yeo present. Several questions were raised at the meeting regarding the independence of one of the Voluntary Administrators (Daniel Frisken) and a senior staff member having personal relationships with the Company's Director, Thomas Towhidi. No resolutions were passed and the meeting was adjourned for 15 business days.

Between 13 February 2019 and 27 February 2019, there were a number of telephone conversations between Mr Goyal, Mr Yeo and Mr Holland. The purpose of these conversations was for McGrathNicol to be briefed on the background and current circumstances of the Company and to consider available options including the process to replace an incumbent.

On 27 February 2019, Mr Yeo on behalf of Mr Holland requested McGrathNicol consent to act as Liquidators of the Company at the reconvened meeting of creditors to be held on 6 March 2019.

On 1 March 2019, at the request of Mr Yeo, Mr Goyal and Ms Sozou attended a meeting with Ms Rodgers (the other Company Director), her accountants, Bentleys and Mr Holland. A range of matters were discussed regarding concerns around independence, the conduct of the current Voluntary Administration and the process of Administration generally.

In our opinion, the communications referred to above do not affect our independence for the following reasons:

- The discussions with the creditor were of a preliminary nature, for the purpose of understanding their rights in the liquidation;
- No formal advice has been provided and the comments made in discussions were not of a nature that would require review in any subsequent appointment;
- These limited scope discussions with a creditor would not influence our ability to fully comply with the statutory and fiduciary obligations associated with the liquidation in an objective and impartial manner; and
- There is no prior professional relationship with the Company or its Directors.

We note that we did not provide any written reports or deliverables, and did not receive (and will not claim) any remuneration for these communications and attendance at the adjourned second meeting of creditors.

(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 the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the Company's property.

(iii) Prior professional services to the Insolvent

Neither we, nor our firm, have provided any professional services to the Company, 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 the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially the whole of the Company's property that should be disclosed.

C. Indemnities and Up-front Payments

We have not been provided with any upfront payment for remuneration for the conduct of this liquidation, should the appointment be made.

We have not received any other indemnities or upfront payments that should be disclosed.



Dated: 4 March 2019

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Barry Kogan

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Katherine Sozou

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