



Declaration of Independence, Relevant Relationships and Indemnities (Declaration)

RCR Energy Limited

RCR Infrastructure (New Zealand) Limited

RCR Building Products (New Zealand) Limited

("the New Zealand Companies")

The Restructuring Insolvency and Turnaround Association of New Zealand Inc. Code of Professional Conduct ("the Code") requires the Practitioner/s 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 2 years;
 - c) any prior professional services for the company within the previous 2 years;
 - 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 and the firm McGrathNicol.

A. Independence

We, Conor John McElhinney and Andrew John Grenfell, of the firm McGrathNicol have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Voluntary Administrators of the New Zealand Companies 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*

On 13 August 2018, Rod Brown the Chairman of RCR Group approached Robyn McKern, a partner of McGrathNicol (Australia) and Jason Ireland of McGrathNicol (Australia) was approached by King & Wood Mallesons (KWM), in its capacity as legal advisors to the RCR Group, seeking to engage McGrathNicol (Australia) on behalf of the RCR Group to assist in assessing the short-term cashflow forecast and the forecasting process of the RCR Group and to undertake contingency planning for a potential appointment of Voluntary Administrators to the RCR Group.

On 24 October 2018, KWM again in its capacity as legal advisor to RCR Group, sought McGrathNicol's assistance on behalf of the RCR Group. RCR management was concerned there was a risk of breaching financial covenants with its secured lenders at the end of December 2018 and RCR Group was in the process of finalising its quarterly compliance certificate for delivery to its secured lenders on 30 October 2018.



RCR Group submitted a formal request to its secured lenders for additional financial support on 20 November 2018. On 21 November 2018, the request was declined by its secured lenders, resulting in the directors of RCR Group appointing Voluntary Administrators on 21 November 2018, excluding all of the New Zealand Companies.

Since that time the Directors advise that the New Zealand Companies have continued to trade in a self-sufficient and cash flow positive manner. However, the New Zealand Companies, as guarantors for certain liabilities of the Australian businesses, received demands from bond holders with claims against the Australian business, seeking recovery from guarantors they believed may be in a cash position to pay. With this exposure over the New Zealand businesses, the Directors of the New Zealand Companies, after taking legal advice, formed the view that Voluntary Administration offered staff and other key stakeholders the best protection. As a consequence, the Directors contacted Conor McElhinney and Andrew Grenfell of McGrathNicol (New Zealand) and requested that they accept appointment as Voluntary Administrators to the New Zealand Companies on 18 December 2018.

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

Neither we, nor our firm, have, or have had, within the preceding 2 years, any relationships with any of the New Zealand Companies or any person or entity that has security over the whole or substantially whole of the New Zealand Companies' property.

(iii) *Prior professional services to the Insolvent*

Neither we, nor our firm, have provided any professional services to the New Zealand Companies, in the previous 2 years.

(iv) *No other relevant relationships to disclose*

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 2 years with the New Zealand Companies, or any person or entity that has security over the whole or substantially the whole of the New Zealand Companies' 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: Tuesday 18 December 2018

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Conor John McElhinney

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Andrew John Grenfell