



McGrathNicol

McGrathNicol
Partnership

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**Letter to Creditors
6 February 2018**

McAleese Limited (Subject to Deed of Company Arrangement) ACN 156 354 068 ("McAleese")

Jason Preston, Jamie Harris, Keith Crawford and Joseph Hayes were appointed Voluntary Administrators of McAleese and each of its wholly owned subsidiaries, with the exception of Sunshine Refuellers Pty Ltd (ACN 600 542 514), ("the McAleese Group") on 29 August 2016.

At the creditors meetings held on 19 December 2016, three Deeds of Company Arrangement ("DOCAs") were approved by creditors and Jason Preston, Jamie Harris, Keith Crawford and Joseph Hayes were appointed Deed Administrators ("the Deed Administrators") on 21 December 2016.

Provided below is a brief summary of the purpose and status of each DOCA:

1. **Distribution DOCA** – the purpose of the Distribution DOCA is to facilitate the distribution of a \$10 million distribution fund to employees and other creditors. To date, \$7.1 million has been distributed to employees from Distribution DOCA. The remaining balance of funds (approximately \$2.3 million), will be paid to employees in the coming months (discussed further below). Our expectation is that the Distribution DOCA will be effectuated by June 2018.
2. **Group A DOCA** – the purpose of the Group A DOCA was to facilitate the business of the Group A Companies to continue as a going concern by enabling them to recommence trading outside of external administration as soon as possible. On 22 December 2016, the conditions of the Group A DOCA were satisfied, the DOCA was effectuated and we retired as Deed Administrators.
3. **Group B DOCA** - the purpose of the Group B DOCA is to facilitate the winding down of the businesses operated by the Group B DOCA Companies. The Group B DOCA continues as residual assets are sold. Our expectation is that the Group B DOCA will be effectuated by June 2018.

Please find attached as Annexure A is a listing of the companies included in each DOCA.

Subsequent appointment of administrators

As outlined above, the Group A DOCA was effectuated on 22 December 2016. These entities commenced trading as part of the Rivet Group from that date.

Some Group A Companies (refer to Annexure A) within the Rivet Group in the six months to 17 July 2017 faced challenging trading conditions. As a result of the trading conditions, certain group A companies performed poorly, despite additional funding and attempts by management to turn around the business. On 17 July 2017, the secured creditor formed the view that certain Group A Companies were insolvent and responded by appointing Andrew Cummins, John Carrello and Peter Krejci of BRI Ferrier as Voluntary Administrators. Following the appointment of Voluntary Administrators on 17 July 2017, Rob Kirman, Rob Smith and Anthony Connelly of McGrathNicol were appointed as Receivers and Managers of certain Group A DOCA entities.

A listing of the entities over which the subsequent appointments has been made is provided at Annexure A.

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Update on Distribution DOCA

To date, \$7.1 million has been distributed to employees from the Distribution DOCA and a further \$2.3 million estimated to be available for future distributions.

When the DOCAs were entered into there was an expectation that a return would be made to trade creditors of less than 3 cents in the dollar. As a result of the subsequent insolvency of certain Group A entities, additional priority employee claims have crystallised which are afforded a priority over trade creditors. These priority employee claims are now provable against the Distribution DOCA.

The Deed Administrators expect these additional priority employee claims will exhaust the funds remaining in the Distribution DOCA and there is unlikely to be a return to ordinary unsecured creditors of the McAleese Group.

Retirement of Deed Administrator

One of the Deed Administrators, Joseph Hayes, recently retired from the McGrathNicol partnership and is transitioning from various external administration appointments.

Pursuant to the DOCAs, this letter serves as written notice to creditors that Mr Hayes will be retiring as Deed Administrator of the Group B DOCA and Distribution DOCA.

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If you require any further information, please contact Link Market Services on 1300 361 735 or by email mcaleese@linkmarketservices.com.au.

Yours faithfully

McAleese Limited (Subject to Deed of Company Arrangement)

Jason Preston
Deed Administrator

Enclosure

Annexure A – McAleese Group entities



Annexure A – McAleese Group entities

McAleese Group entities				
Entity	ACN	DOCA Group	DOCA effectuated	Subsequent External Administration
McAleese Ltd (Subject to Deed of Company Arrangement)	156 354 068	Distribution	✗	✗
Rivet Treasury Pty Ltd (formerly McAleese Finance Pty Ltd)	156 099 204	Group A	✓	✗
Rivet Energy Pty Ltd (formerly Cootes Transport Group Pty Ltd)	112 151 694	Group A	✓	✗
Spotswood Lessee Pty Limited	112 151 729	Group A	✓	✗
Rivet Mining Services Pty Ltd (formerly McAleese Resources Pty Ltd)	119 899 446	Group A	✓	✓
WAFL SPV Pty Ltd (Receivers and Managers Appointed) (In Liquidation)	130 012 887	Group A	✓	✓
Australian Road Express Pty Ltd (Receivers and Managers Appointed) (In Liquidation) (formerly W.A. Frieghtlines Pty Ltd)	051 918 015	Group A	✓	✓
Jetstyle Express Pty Ltd (Receivers and Managers Appointed) (In Liquidation)	077 984 653	Group A	✓	✓
Jolly's Transport Services Pty Ltd (Receivers and Managers Appointed) (In Liquidation)	097 891 248	Group A	✓	✓
McAleese Holdco Pty Ltd (Subject to Deed of Company Arrangement)	156 339 865	Group B	✗	✗
IES DGM Pty Ltd (Subject to Deed of Company Arrangement)	112 151 809	Group B	✗	✗
Harbrew Pty Ltd (Subject to Deed of Company Arrangement)	010 601 788	Group B	✗	✗
McAleese Investments Pty Ltd (Subject to Deed of Company Arrangement)	129 922 541	Group B	✗	✗
McAleese Subco Pty Ltd (Subject to Deed of Company Arrangement)	144 647 870	Group B	✗	✗
Walter Wright Cranes Pty Ltd (Subject to Deed of Company Arrangement)	135 952 162	Group B	✗	✗
National Crane Hire Pty Ltd (Subject to Deed of Company Arrangement)	101 646 235	Group B	✗	✗
National Carne Hire & Repairs Pty Ltd (Subject to Deed of Company Arrangement)	091 998 560	Group B	✗	✗
International Energy Services Group Pty Ltd (Subject to Deed of Company Arrangement)	112 499 573	Group B	✗	✗
International Energy Services Holdings Pty Ltd (Subject to Deed of Company Arrangement)	112 063 779	Group B	✗	✗
International Energy Services Pty Ltd (Subject to Deed of Company Arrangement)	112 063 877	Group B	✗	✗