



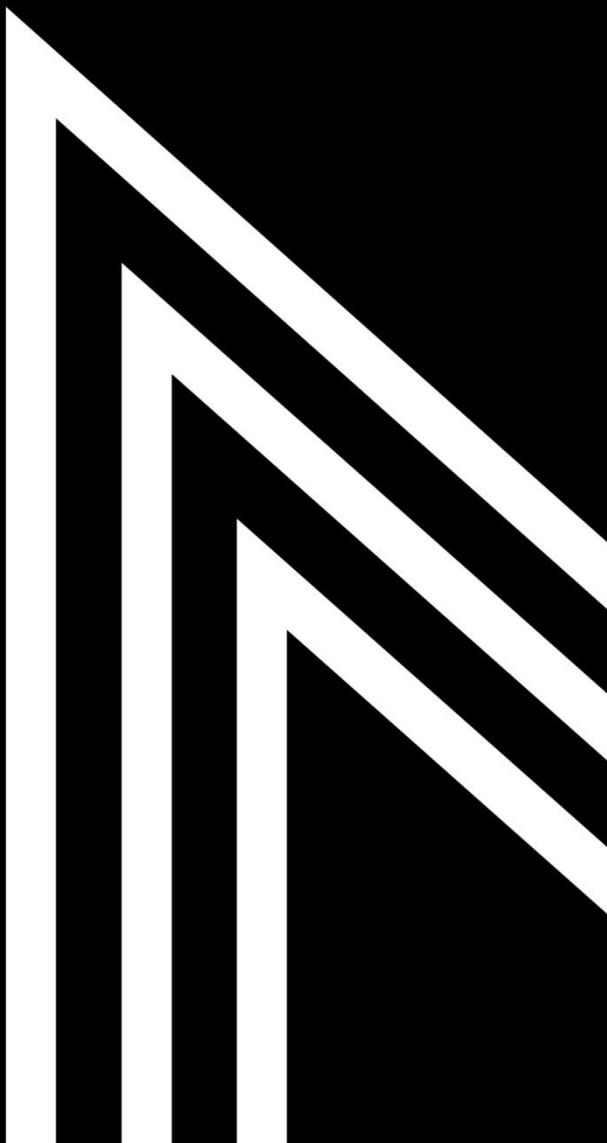
**Mediacloud Pty Ltd (Administrators Appointed)
(ACN 641 575 304)
(Mediacloud or the Company)**

**Administrators' Supplementary Report to creditors pursuant to section 75-225 of
Insolvency Practice Rules (Corporations) 2016 and Orders granted by Ward CJ in the
Supreme Court of New South Wales on 6 April 2021
(file number 2020/00343032)**

21 May 2021



McGrathNicol

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Contents

Listing of tables	4
1 Executive summary.....	5
1.1 Key questions and answers.....	5
2 Introduction	8
2.1 Appointment	8
2.2 First Report and Second Meeting of Creditors.....	8
2.3 Purpose of this Report.....	8
2.4 Reason the DOCA was not executed.....	8
2.5 Disclaimer.....	9
2.6 Declaration of Independence, Relevant Relationships and Indemnities	9
3 Sale process update	11
3.1 Continued exclusivity with Telstra	11
4 DOCA proposal.....	12
4.1 Overview.....	12
4.2 First DOCA proposal.....	12
4.3 Second DOCA proposal.....	12
4.4 Key terms of the DOCA.....	14
4.5 Advantages and purpose of the Proposed DOCA.....	14
4.6 Disadvantages of the DOCA.....	14
4.7 Distributions under the Proposed DOCA.....	15
5 Anticipated return to creditors.....	16
5.1 Proposed DOCA returns.....	16
5.2 Key assumptions.....	16
5.3 Liquidation scenario summary	18
5.4 Key assumptions.....	19
5.5 Summary	20
6 Options available to creditors	21
6.1 Administration to end.....	21
6.2 DOCA.....	21
6.3 The Company be wound up	21
6.4 Administrators' recommendation	21
7 Receipts and payments.....	22
8 Creditor information on remuneration	23
9 Supplementary Meeting of Creditors	24
10 Contact.....	24
11 Appendices.....	25

Report Glossary	
Term	Expanded
the Administrators	Barry Kogan and Jonathan Henry of McGrathNicol
the Administrators' 1 st Report to creditors	Report to creditors prepared by the Administrators, pursuant to section 75-225 of Insolvency Practice Rules (Corporations) 2016, dated 8 March 2021
the Act	Corporations Act 2001 (Cth)
APF	A.P. Facilities Pty Ltd
the Appointment or Appointment Date	The appointment of the Administrators on 9 November 2020
ARITA	Australian Restructuring, Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Australian ATA	Telstra's proposal to acquire Mediacloud's business and assets by way of an Asset Transfer Agreement for the Australian assets.
BREA	The Broadcasting, Recorded Entertainment and Cinemas Award 2020
c.	Circa
COI	Committee of Inspection
the Court	the Supreme Court of New South Wales
Current Directors or Directors	Stefanie Digrigoli and David Masters
DBS	Deluxe Broadcast Services Ltd – a subsidiary of DESI located in England
Deluxe Australia	A. P. Facilities Pty Ltd, trading as Deluxe Australia Pty Ltd
DESI	Deluxe Entertainment Services Inc
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
DOCA Claimants	All Non-Transferring employees, unsecured external creditors and employees with a historical underpayment claim
FEG	Commonwealth Government Fair Entitlements Guarantee Scheme
First DOCA	Telstra's original DOCA proposal which was attached as appendix A of our First Report to Creditors
First Meeting of Creditors	The first meeting of creditors held on 19 November 2020
First Report to Creditors	Our initial detailed report to creditors dated 8 March 2021, and attached as Appendix J
Former Directors	John Cummins and Rory Lewis
Global Group	Various international Deluxe entities of which DESI is the ultimate parent. The Global Group comprises three primary business units, including, a creative unit, distribution unit and Mediacloud unit
IPR	Insolvency Practice Rules (Corporations) 2016
Management	Mediacloud's executive management team and key employees

Mediacloud Payout System	The underlying technology that provides broadcasters with a unique way of managing media assets, payout and distribution
Non-Transferring Employees and Transferring Employees	Non-Transferring Employee means an employee who was formerly, but is no longer employed by Mediacloud while a Transferring Employee mean each employee who is currently employed by Mediacloud
PMSI	Purchase Money Security Interest
POD	Proof of Debt
PPSR	Personal Property Securities Register
Proposed DOCA or Second DOCA	Telstra's DOCA proposal, which is attached at Appendix A of this Report
Proposed Transaction	<p>Telstra's proposed transaction is structured in two parts, being the acquisition of Mediacloud's business and assets via the Australian ATA, and the purchase price to be distributed to creditors under the Proposed DOCA.</p> <p>Both parts of the proposed transaction are to be completed and therefore conditional on each other. Accordingly, for the purpose of this report, this will be collectively referred to as the Proposed Transaction.</p>
Supplementary Meeting of Creditors in accordance with the Court Orders granted by Ward CJ in the Supreme Court of New South Wales on 6 April 2021	The Supplementary Meeting of Creditors which is to be held on Friday, 28 May 2021 at 11:00AM AEST
Relation back day	The date the Administrators were appointed, being 9 November 2020
ROCAP	Report on Company Activities and Property
SBS	Special Broadcasting Service Corporation
SBS Funding Agreement	Original funding arrangement entered into on 14 December 2020 between the Administrators and SBS to facilitate the voluntary administration process and, in particular, attempts by the Administrators to sell or restructure the Mediacloud business.
Second Meeting of Creditors	The second meeting of creditors which was held on Monday, 15 March 2021.
Telstra or Deed Proponent	Telstra Corporation Limited and/or Telstra Broadcast Services
TSA	Transitional Services Agreement entered into between APF and Mediacloud
Vericom	Vericom A.B – a subsidiary of DBS located in Sweden
YTD	Five month period between 9 June 2020 (date of Mediacloud inception) and the Appointment Date

Listing of tables

Table 1: Estimated outcome under the Proposed DOCA	16
Table 2: Estimated outcome under a liquidation scenario.....	18
Table 3: Estimated outcome DOCA vs liquidation.....	20
Table 4: Summary of receipts and payments.....	22
Table 5: Mediacloud remuneration resolutions sought.....	23

1 Executive summary

This section provides creditors with answers to key questions they may have in relation to the administration, the Administrators' findings and other contents of this Report.

1.1 Key questions and answers

What is the purpose of this report?

The purpose of this Supplementary Report is to provide creditors with an update as to what has occurred since the Second Meeting of Creditors, held on 15 March 2021, as well as provide details in relation to the forthcoming Supplementary Meeting of Creditors to be held on **Friday, 28 May 2021**.

In preparing this Supplementary Report, the Administrators have summarised the reasons that the DOCA approved by creditors at the Second Meeting of Creditors has not been executed, and also provide an update to the sections in the First Report that have materially changed, including:

- details of the new Proposed Transaction that has been submitted by Telstra for the consideration of creditors;
- an update on the anticipated return to creditors under the Proposed DOCA; and
- an updated recommendation to creditors as to the best course of action for the future of Mediacloud.

What is a DOCA?

A DOCA is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with, which may be agreed to because of the company entering Voluntary Administration.

Why was the original DOCA not executed?

Creditors will recall that at the Second Meeting of Creditors held on 15 March 2021, creditors voted unanimously in favour of the DOCA put forward by Telstra. This DOCA was due to be signed by 7 April 2021 (being 15 business days following the Second Meeting of Creditors). However, due to additional diligence matters arising during the period following the Second Meeting of Creditors, this DOCA was not executed and Telstra advised that they required substantial further time beyond the 15 business day period to undertake further diligence and seek additional internal approvals.

As a result of the delay, the Administrators approached the Supreme Court of New South Wales on 6 April 2021 to seek orders that the Voluntary Administration be extended by approximately two months, so as to allow Telstra additional time to finalise its due diligence and seek internal approvals to prepare an amended proposal to creditors.

On 6 April 2021, the Administrators obtained Orders from the Court granting an extension of the voluntary administration period to 11 June 2021, being the latest date a transaction with Telstra can complete.

Should the Court have declined the Orders sought, it was likely that Mediacloud would have immediately entered into liquidation, which would have been a detrimental outcome to Mediacloud's creditors and stakeholders.

What has changed in the amended DOCA

The main change, from the original DOCA approved by creditors, to the new Proposed Transaction, is in relation to the structure of the transaction.

Specifically, the transaction has changed from Telstra acquiring the shares in the Mediacloud entity, to Telstra acquiring all of the business and assets of Mediacloud (including employee contracts, intellectual property rights, supplier contracts etc), essentially leaving the shell of the Mediacloud legal entity behind.

Details of the Proposed Transaction are set out in **Section 4** of this report.

Will there be any changes to the employment of Transferring Employees?

As part of the new structure, Telstra will offer employment to all employees who remain employed at the date of completion, on the same terms, including recognition of years of service and all accrued entitlements. A consultation process with employees has already commenced in this regard.

What are the historical employee underpayments related to and how will they be dealt with under the DOCA?

During diligence, a small number of instances where employees have been underpaid were discovered and/or investigated. These underpayments relate to two issues, being:

- the application of specific clauses of the Broadcasting, Recorded Entertainment and Cinemas Award 2020, relating to rostered days off and public holidays, resulting in certain employees not receiving their full entitlement of overtime and penalties for particular shifts; and
- the calculation of casual rates, resulting in certain employees not receiving their full entitlement of overtime and penalties for particular shifts.

While the underpayments represent a very small proportion of Mediacloud's total payroll over the last six years (c. less than 1%), the issue has been taken seriously. Whilst the Administrators have not conducted a comprehensive audit, work has been undertaken, including obtaining legal advice, in order to quantify the underpayment for current and former employees.

Additional work surrounding the payroll function was also undertaken. This work was done on a sample basis, and the results of the sampling concluded that there is unlikely to be additional systemic or systematic issues of underpayment existing, further to those already identified.

Under the terms of the Proposed DOCA, the underpayments identified will be paid in full. Rather than transferring to Telstra with other employee entitlements however, these amounts will constitute claims against the Deed Fund and will be paid by the Deed Administrators.

Further details on the underpayments are outlined in **Section 4.3.2**.

Will Non-Transferring employees be paid their outstanding entitlements?

The Proposed DOCA provides for all employee entitlements owing to employees who were formerly, but no longer employed by Mediacloud to be paid in full.

Will unsecured creditors be paid a dividend?

The Proposed DOCA intends for all external creditors to be paid in full, subject to certain assumptions as outlined in **Section 4**. All related party creditors will not participate in distributions and will be extinguished under the Proposed DOCA.

Where and when is the Supplementary Meeting of Creditors?

The Supplementary Meeting of Creditors will be held on **Friday, 28 May 2021 at 11:00AM**.

While the meeting will technically be held at the offices of McGrathNicol, Level 12, 20 Martin Place, Sydney NSW 2000, the meeting will be held via webcast/teleconference on Zoom, in order to ensure compliance with any restrictions that may be in place as a result of COVID-19.

Please note that those creditors planning on attending by Zoom webcast/teleconference should register their intention to do so with Alex Woolcott (awoolcott@mcgrathnicol.com) by 4:00 PM on 27 May 2021 and you will be provided with a link to join.

Observers are able to attend the meeting, however will not be entitled to participate, either by voting or by asking questions.

Refer **Section 9** for details of the time and location of the meeting.

What do I need to do if I want to participate in the meeting?

Similar to the Second Meeting of Creditors held in March 2021, creditors wishing to attend the meeting and participate need to submit a Proof of Debt and either attend in person (via Zoom) or appoint a proxy to attend on their behalf.

Where can I get more information about the events leading up to the Appointment of Administrators?

We encourage all creditors to read the First Report in conjunction with this Supplementary Report as it covers the broader details of the Mediacloud business as well as the circumstances leading to our appointment and investigations undertaken. The First Report has been attached at **Appendix J**.

What do the Administrators recommend Creditors vote for at the Supplementary Meeting of Creditors and why?

In the Administrators' opinion, it is in the best interests of creditors to vote to enter into the Proposed DOCA as it is expected to provide a superior, more certain and timely outcome to creditors than other alternatives and maximises the prospects of continued employment for the current employees of Mediacloud.

Where I can get more information?

Creditors requiring further information should please refer to the McGrathNicol website <https://www.mcgrathnicol.com/creditors/mediacloud-pty-ltd> or email mediacloudgeneral@mcgrathnicol.com

2 Introduction

This section outlines the details regarding the Administrators' appointment, the details of the First and Second Meeting of Creditors and the purpose and content of this Report.

2.1 Appointment

Barry Kogan and Jonathan Henry (**Administrators**) were appointed joint and several Voluntary Administrators of Mediacloud on 9 November 2020 (**Appointment Date** or **the Appointment**) by resolution of the Directors, pursuant to Section 436A of the *Corporations Act 2001* (**Act**).

2.2 First Report and Second Meeting of Creditors

Creditors will recall that on Monday, 8 March 2021, the Administrators issued a report to creditors (**First Report**), which detailed, among other things, the business, property, affairs and financial circumstances of Mediacloud in preparation for the Second Meeting of Creditors, which was subsequently held on 15 March 2021 (**Second Meeting of Creditors**).

The First Report has been attached at **Appendix J**, and we encourage all creditors to read this in conjunction with this report (**Supplementary Report**).

At the Second Meeting of Creditors, creditors voted unanimously in favour of a Deed of Company Arrangement (**DOCA**) put forward by Telstra. In accordance with section 444B(2)(a) of the Act, this DOCA was due to be signed by 7 April 2021 (being 15 business days following the Second Meeting of Creditors).

2.3 Purpose of this Report

The purpose of this Supplementary Report is to provide creditors with an update as to what has occurred since the Second Meeting of Creditors, as well as provide details in relation to the forthcoming meeting of creditors, to be held on **Friday, 28 May 2021** (**Supplementary Meeting of Creditors**).

In preparing this Supplementary Report, the Administrators have summarised the reasons that the DOCA approved by creditors at the Second Meeting of Creditors has not been executed, and also provide an update to the sections of the First Report that have materially changed, including:

- details of the new proposal that has been submitted by Telstra Broadcast Services Pty Ltd (**the Deed Proponent or Telstra**), a related entity of the original Deed Proponent, Telstra Corporation Limited (also **Telstra**) for the consideration of creditors (**Proposed Transaction**);
- an update on the anticipated return to creditors under the Proposed DOCA; and
- an updated recommendation to creditors as to the best course of action for the future of Mediacloud.

2.4 Reason the DOCA was not executed

Following the conclusion of the Second Meeting of Creditors, additional diligence matters arose which caused Telstra to reconsider the structure of its proposal. The DOCA therefore was not going to be executed within the 15 business day period required, and Telstra confirmed to the Administrators that they would require additional time to undertake further diligence and seek additional internal approvals in order to prepare an amended proposal.

As a result of this communication from Telstra, the Administrators approached the Supreme Court of New South Wales (**the Court**) on Tuesday, 6 April 2021 to seek orders that the voluntary administration be extended by approximately two months so as to allow Telstra additional time to finalise its due diligence and seek internal approvals to prepare an amended proposal to creditors.

As part of this application to the Court, Telstra confirmed that they remained interested in pursuing an acquisition of the Mediacloud business and SBS (Mediacloud's key customer, constituting c. 90% of Mediacloud's yearly revenue), confirmed that it remained their preference that the business and assets of Mediacloud be sold to Telstra.

On 6 April 2021, the Administrators obtained these orders, with the voluntary administration period extended to 11 June 2021, being the latest date a transaction with Telstra (or any other party) can complete. Orders were also granted enabling us to hold the Supplementary Meeting of Creditors, in order to present Telstra's amended proposal to creditors for their approval.

Should the Court have declined the Orders sought, it was likely that Mediacloud would have immediately entered into liquidation, which would have been a detrimental outcome to Mediacloud's creditors and stakeholders.

On 23 April 2021, Telstra submitted an updated proposal for consideration by creditors. The details of this proposal and our commentary, including the estimated return to creditors are further discussed at **Section 4**.

2.5 Disclaimer

In reading this Report, creditors should note the following:

- The statements and opinions in the Supplementary Report are given in good faith and, whilst the Administrators have no reason to doubt any information contained in the Supplementary Report, the Administrators reserve the right to alter their conclusions if the underlying information proves to be inaccurate or materially changes after the date of the Supplementary Report.
- If, after issuing the Supplementary Report, the Administrators become aware of any additional information which may assist creditors in determining how to vote at the Supplementary Meeting of Creditors, the Administrators may make the additional information the subject of a further written report and/or table the information at the Supplementary Meeting of Creditors.
- In considering the options available to creditors and formulating their recommendation to creditors, the Administrators have necessarily made forecasts of asset realisations and the total value of creditors. These forecasts and estimates may change as asset realisations progress and claims are received from creditors and adjudicated upon. Whilst the forecasts and estimates are the result of the Administrators' best assessment in the circumstances, creditors should note that the ultimate outcome for creditors may differ from the information provided in this Supplementary Report.
- The assessment of potential claims in the Supplementary Report has been performed on a preliminary basis, based on information available to the Administrators at the time of completion of the Supplementary Report. As a consequence, the Administrators reserve their rights to alter their assessment, if further relevant information is provided after the date of the Supplementary Report or as a consequence of further investigations.

2.6 Declaration of Independence, Relevant Relationships and Indemnities

In accordance with Section 436DA of the Act and the Australian Restructuring, Insolvency and Turnaround Association (**ARITA**) Code of Professional Practice, a Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) was enclosed with the Administrators' first communication to creditors and tabled at the First Meeting of Creditors.

The DIRRI disclosed information regarding the Administrators' independence, prior personal or professional relationships with Mediacloud or related parties and indemnities received in relation to this appointment.

2.6.1 Independence

We, Barry Kogan and Jonathan Henry of the firm McGrathNicol, undertook a proper assessment of the risks to our independence prior to accepting the appointment as Administrators of Mediacloud 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 should have prevented us from accepting or continuing this appointment.

2.6.2 Indemnities and up-front payments

Under the Act and the ARITA Code of Professional Practice, if circumstances change or new information is identified, the Administrators are required to update the DIRRI and provide a copy to creditors with their next communication, as well as table a copy of the replacement DIRRI at the next meeting of creditors.

Following the Appointment, the Administrators entered into discussions with Special Broadcast Services Corporation (**SBS**), regarding a funding arrangement and indemnity to enable the business to continue to trade uninterrupted.

A funding facility in the amount of \$850,000 was subsequently provided by SBS, by way of an upfront payment on 18 December 2020. The funding facility was subject to orders from the Supreme Court of NSW, following notification to all known creditors.

This funding represents an indemnity for trading costs and the administrators' fees and costs, and is to be drawn only in the event that trading realisations are insufficient to cover these liabilities. Further, any funds utilised for payment of our remuneration will not be drawn down until relevant approval has been obtained under the Act.

In addition to the upfront payment, an indemnity was provided against possible exposure to personal liability, from certain debts arising as a consequence of the Administration appointment.

On 17 February 2021, we updated our DIRRI to include reference to this funding facility and indemnity, and this DIRRI was enclosed with the First Report and tabled at the Second Meeting of Creditors.

The extension of the voluntary administration period to 11 June 2021 necessitated the Administrators revisiting the overall funding requirements of Mediacloud given that the business would remain subject to the administration for a further period of time. Consequently, on 3 May 2021, the Administrators and SBS executed a Deed of Variation to the funding agreement and the facility limit was increased by \$300,000, meaning the total Funding Facility provided by SBS totalled \$1,150,000.

At the conclusion of either the administration, or any subsequent appointments arising from the administration, any balance of the upfront payment that remains will be returned to SBS.

A copy of our further updated DIRRI can be found on our website at www.mcgrathnicol.com under the 'Creditors' tab.

This document will also be tabled at the upcoming Supplementary Meeting of Creditors and is attached at **Appendix C**.

2.6.3 Ongoing assessment

Since the Appointment Date, the Administrators have continued to assess whether any potential conflict of interest matters have developed.

At the date of this Report, the Administrators' opinion has not varied from the information provided in the DIRRI.

The Administrators have not received any other indemnities or up-front payments, other than that described above, that should be disclosed and remain of the view that their prior relationships, as outlined in the updated DIRRI, do not create or give rise to any conflict of interest.

3 Sale process update

This section of the Report provides an update as to the sale of business process undertaken by the Administrators.

3.1 Continued exclusivity with Telstra

As detailed in **Section 8** of the First Report, prior to the Appointment of Administrators, Mediacloud had interacted with potential purchasers, and as a result entered into exclusive discussions with Telstra in relation to a possible acquisition by Telstra of Mediacloud's business and assets. The sale was to include the Australian Mediacloud business as well as key assets and personnel from related entities, including Deluxe Broadcast Services Ltd (**DBS**), Mediacloud's parent entity, and Vericom A. B. (**Vericom**), another subsidiary of DBS. Both DBS and Vericom own crucial intellectual property that is essential for the Australian Mediacloud operations.

From around April 2020, and as at the date of our appointment, Telstra had performed significant due diligence, including participating in Mediacloud's tender submission for the renewal of the SBS contract. The renewal of the SBS contract is for a term of seven years, commencing in late 2021, and was formally awarded to the tender of Mediacloud and Telstra shortly after the Appointment.

On receiving confirmation from Telstra that they did not intend to execute the DOCA approved by creditors at the Second Meeting of Creditors, the Administrators necessarily considered next steps, including whether or not it was in the best interest of creditors to conduct a broader public sale campaign, in light of the risk that Telstra would not complete an amended transaction.

Following further consultation with SBS (as Mediacloud's key customer and the provider of funding for the administration) and the director of DBS and Vericom (who needed to participate in any sale), the Administrators determined that it still remained in the best interest of creditors to progress the transaction with Telstra until such time as it became clear that Telstra did not intend to submit an amended proposal in a form acceptable to the Administrators. The reasons for this remain as outlined in the First Report, and are repeated here for ease of review:

- Mediacloud's Directors had previously considered parties interested in the purchase and no additional parties were engaging in due diligence;
- substantial due diligence work had been undertaken by Telstra over many months with regard to the business and assets of Mediacloud both in Australia and Europe;
- Telstra is an established corporation with significant resources and as such, had a real prospect for the financially responsible continuation of Mediacloud;
- any value in the Mediacloud business is directly derived from the contract with SBS and the Board of SBS endorsed the decision for SBS to negotiate and enter into an agreement with Mediacloud for a renewed seven year term, specifically on the basis and reliant on Mediacloud being under Telstra's ownership by the time this contract term commenced;
- the sale of Mediacloud to Telstra, and as a going concern is the outcome that is preferred by SBS (in its capacity as Mediacloud's major customer), and on that basis, SBS was willing to provide financial support in the form of the Funding Agreement to the Administrators. That is, SBS as a funder (and major customer) were not supportive of a broader sale process. Absent funding support from SBS there is a real likelihood that the Administrators would be unable to trade the Mediacloud business;
- in discussions with Telstra since Appointment, it was understood that any proposal from Telstra would be on the basis of a full return to external creditors;
- commencing a new, public sale campaign would have significantly extended the time period of the Voluntary Administration, especially in light of the complexities and uncertainty surrounding SBS supporting a sale/contract renewal to Mediacloud under any other ownership than Telstra; and
- the sale of Mediacloud as a going concern maximises the prospects of the employee's continued employment and generates the best outcome of all creditors.

4 DOCA proposal

This section of the Report outlines the new DOCA proposal that has been received by the Administrators, including the key terms as they relate to each class of creditor of Mediacloud. The Administrators recommend that the creditors of Mediacloud vote to approve the DOCA proposal.

4.1 Overview

A DOCA is a binding arrangement between a company and its creditors governing how a company's affairs will be dealt with. A DOCA is one of the three outcomes which creditors may resolve to occur at the end of the Voluntary Administration process, provided a DOCA proposal has been received.

Ordinarily, if creditors vote for a proposal that a company enters into a DOCA, the company must sign the DOCA within 15 business days of the creditors' meeting, unless the court allows a longer time. If this does not happen, the company will automatically enter into liquidation, with the Administrators becoming the liquidators. Based on the Orders handed down on 6 April 2021, any DOCA proposal must now be executed by 11 June 2021.

The DOCA binds all unsecured creditors, even if they voted against the proposal. It also binds owners of property, those who lease property to the company and secured creditors (if any), if they voted in favour of the DOCA.

4.2 First DOCA proposal

As detailed earlier in **Section 2.4**, at the Second Meeting of Creditors, creditors voted unanimously in favour of a DOCA put forward by Telstra.

The first proposal from Telstra was structured in two parts:

1. **Australian transaction:** Purchase of the Australian Mediacloud entity via a DOCA, i.e. acquisition of all of the shares of Mediacloud, free from all security interest and encumbrances by a Telstra entity; and
2. **UK transaction:** Purchase of substantially all of the assets in DBS and Vericom, including the fixed assets, intellectual property rights, employment contracts, customer contracts and supplier contracts relevant to the European operations of DBS which are necessary for the operation of the Mediacloud business.

As detailed earlier, this DOCA was not executed, and Court orders were subsequently sought in order to extend the voluntary administration period, and enable Telstra sufficient time to put forward an amended proposal.

4.3 Second DOCA proposal

Telstra has now submitted a new proposal for the consideration of the Voluntary Administrators and creditors. The new proposal has been submitted by Telstra Broadcast Services Pty Ltd, a related entity of Telstra Corporation Limited, the original Deed Proponent.

The Proposed DOCA term sheet is attached at **Appendix A** to this report. The final long form DOCA and related transaction documents are in the process of being finalised and will be on substantially the same terms as the Term Sheet.

Aside from the Proponent changing to a related Telstra entity, the proposal has changed in two key ways, outlined in the following sections.

4.3.1 Updated deal structure

The new proposal changes the Australian transaction from an acquisition of all shares in Mediacloud, to an acquisition of its business and assets, essentially leaving the shell of the Mediacloud entity behind.

Telstra's proposal continues to be structured in two parts:

1. **Australian transaction:** Purchase of the business and assets of the Australian Mediacloud business (including fixed assets, employee contracts, any intellectual property rights, customer and supplier contracts), via an Asset Transfer Agreement (**Australian ATA**), with the purchase price to be distributed to creditors under a DOCA (**Proposed DOCA**); and
2. **UK transaction:** Purchase of the business and assets in DBS and Vericom (including fixed assets, employee contracts, intellectual property rights, customer and supplier contracts), via an Asset Transfer Agreement (**UK ATA**).
(collectively, **Proposed Transaction**)

All aspects of the Proposed Transaction are required to be completed and will therefore be conditional on each other.

4.3.2 Updated treatment of employee entitlements

Rather than employees' continuing to be employed by Mediacloud under Telstra's ownership, all employees who remain employed by Mediacloud at the date of completion, will be offered employment with Telstra on the same or better terms, including recognition of years of service.

Any employee who accepts this offer will become a **Transferring Employee** and all amounts and entitlements (including recognition of service periods) that are owed to Transferring Employees will transfer to Telstra, with the exception of:

- Any wages or other amounts owing that relate to the Administration Period (to be paid by the Administrators); and
- Any amounts that relate to instances of historical underpayment (to be paid via the DOCA, discussed below).

Any employee who is no longer employed by Mediacloud at the date of completion, or chooses not to accept the offer (**Non-Transferring Employees**) will be eligible to claim against the DOCA for any amounts owing to them.

4.3.2.1 Historical underpayments

Following the appointment of Administrators, Mediacloud management advised that they had recently been made aware of instances where current and/or former employees may have been underpaid. These underpayments related specifically to the application and interpretation of certain clauses contained in the Broadcasting, Recorded Entertainment and Cinemas Award 2020 (**BREA**).

During Telstra's due diligence, one additional area of potential historical underpayments was discovered, in relation to the calculation of casual rates.

In summary, the two areas identified were:

- The application of BREA in relation to rostered days off and public holidays, resulting in certain employees not receiving their full entitlement of overtime and penalties for particular shifts; and
- The calculation of casual rates, resulting in certain employees not receiving their full entitlement of overtime and penalties for particular shifts.

4.3.2.2 Investigations performed and conclusion

The Administrators have taken a number of steps to further investigate the scale and quantum of the potential underpayments identified above, including:

- Assisting Mediacloud to calculate the potential underpayments resulting from the two issues identified, including reviewing rosters and other payroll information over the last six years;
- Seeking legal advice in relation to the relevant clauses of the BREA and their application to Mediacloud employees; and
- Some further high-level review and testing work associated with the payroll function.

The investigations determined that the historical underpayments identified represent a very small portion of Mediacloud's payroll over the last six years (less than 1%) with the total amount owing to employees (current and former) estimated at c. \$121,000 as against total payroll expenses of over \$30 million for this period.

Whilst the work performed does not constitute a comprehensive audit, the review and testing work did not reveal any other systemic issues, further to those already identified. Therefore, while there is the possibility that additional instances of underpayments may be identified during the DOCA adjudication process, the Administrators have no reason to believe this will occur and expect the amounts identified to date to be paid in full out of the Deed Fund within a short period of time of completion of the transaction.

Employees who have been identified as part of these investigations have been notified and will continue to be communicated with directly by the Administrators.

4.3.2.3 Treatment under the Proposed DOCA

These amounts will constitute claims against the Deed Fund and will be paid by the Deed Administrators. Employees receive a priority over other creditors under the terms of the DOCA, and therefore these amounts are all expected to be paid ahead of other creditors, and in full.

4.4 Key terms of the DOCA

By way of summary, the key terms of the current DOCA Proposal, to be considered and voted on by creditors at the Supplementary Meeting of Creditors, are as follows:

1. The Deed Proponent will acquire all of the assets in the Australian Mediacloud business as well as the assets in the UK business which are necessary for the operation of the Mediacloud business via two separate ATAs;
2. The Deed Proponent will offer employment to any person who is employed by Mediacloud on the date of completion, on the same or better terms, and recognise years of service. All amounts owing (subject to the exception described in section 4.3.2) will transfer to Telstra, with these entitlements being a material figure, estimated at c. \$2.0 million (representing the majority of Mediacloud's liabilities). We note that the DOCA also avoids crystallisation of retrenchment entitlements of c. \$2.4 million, which may be payable in a liquidation scenario.
3. All customer and material supplier contracts will be novated to Telstra, effective on completion.
4. In addition to the assumption of employee related liabilities, the purchase price paid under the Australian ATA will be c \$655,000 and will subsequently become the Deed Contribution, forming part of the Deed Fund under the DOCA (the precise consideration will be determined at completion). This amount is intended to be sufficient to pay all external creditors and eligible employee claims in full.
5. Any related party claims owing to the Global Mediacloud Group will be extinguished.
6. Mediacloud will be returned to solvency as a consequence of this transaction, enabling it to be deregistered by its directors once the DOCA has been effectuated.
7. The business performed by Mediacloud will continue to exist and continue to service its customers.
8. Completion of the Australian ATA and DOCA are contingent and reliant on completion of the UK ATA occurring concurrently. The Administrators have visibility around the UK transaction and note that it is progressing as expected.

The DOCA and related transaction documents are all in advanced form and will be finalised post the Supplementary Meeting of Creditors, subject to creditors approving the Proposed DOCA.

4.5 Advantages and purpose of the Proposed DOCA

The Administrators believe that approving the Proposed DOCA will be beneficial to creditors, as it:

- provides certainty to creditors as well as a better and more timely return to creditors than a winding up of Mediacloud;
- facilitates an orderly and cost effective transition of the Mediacloud business to the sole control of the Proponent, in a way that minimises disruption and enables all current employees to maintain their employment;
- is expected to make a payment in full of; the debts owing to Non-Transferring employees for unpaid entitlements, to relevant employees for the historical underpayments, and to external unsecured creditors;
- discharge any claims of the excluded creditors against Mediacloud (all related party claims and claims made by the Directors), we note that related party claims total c. \$547k (representing c. 45% of total creditors); and
- conclude the administration of Mediacloud and the DOCA as soon as practicable.

In summary, current employees of Mediacloud will continue to be employed (with all entitlements and service continued to be recognised) and paid under Telstra's ownership and all other external creditors are expected to be paid in full.

4.6 Disadvantages of the DOCA

The disadvantage of any DOCA is that it does not provide a liquidator the opportunity to further investigate and pursue any voidable transactions or recoveries available in a liquidation scenario. Theoretically, such recoveries are unlimited in value.

However, as detailed in our First Report, having regard to Mediacloud's specific circumstances, our preliminary analysis indicates that recoveries in relation to preference payments, uncommercial transaction and/or insolvent trading are highly unlikely.

4.7 Distributions under the Proposed DOCA

4.7.1 Timeframe

While there are a number of factors that may impact the timing, the Administrators anticipate that:

- The Asset Sale Agreement, concerning the assets of the Australian business, and subsequently the DOCA, could be executed either on or within a few days following the conclusion of the Supplementary Meeting of Creditors; and
- Distributions to eligible employees and unsecured creditors could be completed within 2-4 months, in line with the statutory timeframe for a Deed Administrator to pay a dividend.

4.7.2 Priority of distributions from the Proposed DOCA

Under the terms of the DOCA, the Deed Administrators will distribute funds from the Deed Contribution in the following order:

- From the residual monies held by the Administrators and drawings under the SBS Funding Facility (to the extent required):
 - first, to the Voluntary Administrators in satisfaction of their expenses, costs and remuneration for acting as Administrators of Mediacloud; and
 - next, to the Deed Administrators in satisfaction of their costs and remuneration;
- From the Deed Contribution:
 - first, in satisfaction of any priority employee entitlements claims (in relation to Non-Transferring employees and the historical underpayments); and
 - next, to unsecured creditors, on a pro rata basis if sufficient funds are not available to cover all admitted claims (noting it is expected creditors will be paid in full, unless additional creditors not presently known to the Administrators emerge).

Eligible employee claims and ordinary unsecured creditors are expected to be paid in full.

5 Anticipated return to creditors

This section of the Report outlines the estimated outcome for creditors under the Proposed DOCA, and also in a liquidation scenario.

5.1 Proposed DOCA returns

Outlined in the table below is the estimated outcome to creditors under the Proposed DOCA.

The figures shown reflect the estimated quantum of Non-Transferring employee, unsecured external creditor and employee historical underpayment claims (**DOCA Claimants**) that are known as at the date of this report (noting related party claims are to be extinguished). The final quantum of the Deed Fund will be determined based on creditor and trading estimates at completion, in the event that the Proposed DOCA is approved by creditors. As outlined in **Section 4**, it is the intention of the Proponent to provide a full return to all eligible employees and external creditors.

Table 1: Estimated outcome under the Proposed DOCA

Estimated outcome under the Proposed DOCA		
\$'000 (ex GST)	Notes	DOCA
Company Fund Amount		
Surplus administration funds	1	265
SBS facility drawdown	2	794
Administration liabilities (excluding GST)		
Trading liabilities	1	(460)
GST	1	(101)
Administrator fees	3	(243)
Deed Administrator fees	3	(200)
Restructuring costs (legal fees, insurance, contingency)	1	(55)
Outcome of Administration		0
Deed Contribution		655
<i>Employee liabilities - preferential creditors</i>		
Employee claims - Non-Transferring Employees	5	(13)
Employee claims - historical underpayments	6	(121)
Return to employees (c/\$)		100.0
Funds available for unsecured creditors		521
<i>Unsecured creditors</i>		
External unsecured creditor claims	7	(521)
Return to unsecured creditors (c/\$)		100.0
Surplus/(deficiency)		-

Please note, this analysis has been prepared based on forecast outcomes as at 28 May 2021, being the date of the Supplementary Meeting of Creditors. The analysis necessarily takes into account expected trading outcomes and receipts and payments prior to this time. A full account of our receipts and payments will be filed with the Australian Securities and Investments Commission (**ASIC**) in due course.

5.2 Key assumptions

Note 1: Surplus Administration Funds, Trading liabilities, GST and Restructuring costs

- The assumptions driving the estimated surplus administration funds and restructuring costs are based on the Administrators' cash flow forecast, which has been provided to Telstra and SBS on a regular basis and has been maintained since Appointment.

- Trading liabilities include amounts owing to general trade creditors that relate to the period of the Administration.
- GST payable is a function of all other costs, and will be payable to the ATO in due course.

Note 2: SBS facility drawdown

- The SBS facility provides for drawdowns in circumstances where the liabilities of the Administrator (including professional costs) exceed the funds available from the administration. In these circumstances, the Administrator is able to draw down on the SBS Funding Facility. Under the Proposed DOCA, it is expected that the full limit of the SBS Funding Facility (\$1,150,000) will be utilised by the Administrators to fund the Administration liabilities (with an amount of \$200,000 expected to be drawn down before completion, with the balance of \$950k drawn down after completion).
- The SBS facility is not available to the pre-appointment creditors of Mediacloud, with these claims to be paid from the Deed Contribution.

Note 3: Administrator and Deed Administrator fees

- These remuneration items are further discussed in the Administrators' Remuneration Report, attached at Appendix D. Whilst the amounts disclosed are our best estimate of costs as at the date of this report, the Administrators and Deed Administrators reserve their rights to seek further remuneration from creditors in the event that actual fees exceed estimates.

Note 4: DOCA Contribution

- As contemplated in the DOCA Proposal and discussed in Section 4, the DOCA Proponent will provide a Deed Fund which will be approximately \$655,000, which is expected to cover the Non-Transferring Employee, unsecured external creditor and employee historical underpayment claims in full.
- The figure of \$655,000 represents the estimated quantum of these claims that are known as at the date of this report which will be revisited prior to completion.

Note 5: Employee entitlements – Non-Transferring Employees

- The claims estimated in relation to Non-Transferring employees are relatively small, and relate to leave and other entitlements owing to employees who have resigned during the voluntary Administration. No redundancies were made during the Administration period, or planned by the Deed Proponent.
- Staff employed by Mediacloud at the date of completion and who accept the offer from Telstra will be excluded from the Deed Fund, other than in respect of any historical underpayment claims (see Note 6 below), as their employment will transfer to Telstra, including recognition of years of service and all accrued entitlements.

Note 6: Historical underpayment claims

- As discussed earlier in section 4, any historical underpayment claims identified will constitute a claim against the Deed Fund and will be paid by the Deed Administrators. Employees receive a priority over other creditors under the terms of the DOCA, and will therefore be paid ahead of other creditors.

Note 7: Unsecured creditor claims

- Unsecured external creditor claims have been calculated based on the Administrators' enquiries and proofs of debt received to date. These creditors include statutory debts owing to the Australian Taxation Office and Office of State Revenue as well as general trade creditors.
- Once completion occurs and funds transferred into the Deed Fund, the Deed Administrators will perform an adjudication of all claims, prior to distributing the Deed Fund. In the event that this adjudication process results in the quantum of claims being higher than the quantum of the Deed Fund, the funds will be distributed in line with the statutory priority set out in section 556 of the Corporations Act, i.e. employees will retain their priority and receive full payment of their claims first, with any residual funds being distributed to unsecured creditors on a pro-rata basis.
- Given the nature of Mediacloud's business (dependant on a small number of suppliers) and the Administrators' tenure, we do not expect that the estimates known at the date of this report will vary significantly on adjudication, however it remains a possibility that the unsecured external creditors will receive less than full repayment, if (legitimate) claims are made that were not previously disclosed to the Administrators.

5.3 Liquidation scenario summary

The Liquidation scenario has been prepared on the basis that the DOCA is not approved by creditors and the Mediacloud entity is therefore placed into liquidation following the Supplementary Meeting of Creditors, and all employees are made redundant.

Creditors should also note that, there is the possibility that if Mediacloud is placed into liquidation following creditor rejection of the Proposed DOCA, an alternative purchaser may acquire the business. To effect an alternate transaction, this would require the Liquidators to secure funding support (likely from SBS) and represents an uncertain outcome. We have therefore not calculated an estimated return to creditors for that scenario given it is highly uncertain and therefore difficult to forecast.

Table 2: Estimated outcome under a liquidation scenario

Estimated outcome in a liquidation scenario			
\$'000 (ex GST)	Notes	Liquidation	
		Low case	High case
Estimated asset recoveries			
Surplus administration funds	1	265	265
Debtors	2	0	0
Fixed asset realisations (i.e. equipment)	3	43	432
Preference payments	4	Nil	Nil
Insolvent trading	4	Nil	Nil
Uncommercial transactions	4	Nil	Nil
Total estimated asset recoveries		308	697
Estimated liabilities (excluding GST)			
Trading liabilities	1	(506)	(460)
GST	1	(111)	(101)
Administrator fees	5	(243)	(243)
Liquidator fees	5	(250)	(200)
Restructuring costs (legal fees, insurance, contingency)	6	(60)	(55)
Post appointment employee entitlements	7	(150)	(150)
Total estimated liabilities ¹		(1,320)	(1,209)
Funds available for distribution to creditors		Nil	Nil
<i>Employee liabilities - preferential creditors</i>			
Employee claims	8	(4,167)	(4,167)
Employee claims - historical underpayments	8	(121)	(121)
Return to employees (c/\$)		Nil	Nil
<i>Unsecured creditors</i>			
Funds available for unsecured creditors		Nil	Nil
Unsecured creditor claims - external and related	9	(1,510)	(1,259)
Return to unsecured creditors (c/\$)		Nil	Nil

Note 1: SBS Funding Agreement is available to cover the Administrators fees and costs

Please note, this analysis has been prepared based on forecast outcomes as at 28 May 2021, being the date of the Supplementary Meeting of Creditors. The analysis necessarily takes into account expected trading outcomes and receipts and payments prior to this time. A full account of our receipts and payments will be filed with ASIC in due course.

5.4 Key assumptions

Note 1: Surplus Administration Funds, Trading liabilities and GST

- These assumptions largely reflect the estimated outcome under the Proposed DOCA, relating to the outcome of the Administration trading period.
- The High Scenario reconciles to the Proposed DOCA, while the Low Scenario assumes residual trading liabilities are 10% higher than forecast.

Note 2: Debtors

- Debtors under the Proposed DOCA will be transferred to the DOCA Proponent, and so were excluded from that analysis. In a liquidation scenario, it can be difficult to collect all amounts owing to the entity, without commencing enforcement proceedings.
- The High Scenario assumes all debtors are collected in the ordinary course. The Low Scenario assumes only half of the debtors are realised.

Note 3: Fixed asset recoveries

- Given the scheduled equipment refreshment program that is due to commence at the end of 2021 (in line with the SBS contract renewal), the Administrators estimate that the recoverable value of the remaining equipment is low.
- The High Scenario assumes the book value (original cost less depreciation) is able to be achieved on a sale. The Low Scenario assumes a much lower liquidation auction value is achieved.

Note 4: Voidable transaction recoveries

- As detailed in our First Report, in the event Mediacloud is placed into Liquidation, recoveries in relation to preference payments, uncommercial transaction and/or insolvent trading will be investigated, however our preliminary investigations indicated that any recoveries are unlikely.

Note 5: Administrator and Liquidator fees

- These remuneration items are further discussed in the Administrators' Remuneration Report, attached at Appendix D.

Note 6: Restructuring costs

- Restructuring costs include legal costs, insurance and a general contingency, all of which would be required in a liquidation scenario.
- The High Scenario is in line with the estimate of these costs under the Proposed DOCA, while the Low Scenario assumes a 10% increase.

Note 7: Post appointment employee entitlements

- The calculation of post appointment employee entitlements has been estimated based on wages paid and forecast to be paid, during the Administration period.

Note 8: Employee entitlements

- The liquidation scenario assumes the Mediacloud business would terminate and all employees would be made redundant. As there are insufficient funds to cover all employee entitlements (including, wages, superannuation, leave, payment in lieu of notice, genuine redundancy and any historical underpayment claims) certain of these would be covered (up to the applicable limits) by the Fair Entitlement Guarantee Scheme (FEG) – a division of the Attorney General's Industrial Relations department.
- In this scenario, employees may be able to claim:
 - Unpaid wages – up to 13 weeks;
 - Unpaid annual leave and long service leave;
 - Payment in lieu of notice – up to 5 weeks; and
 - Redundancy pay – up to four weeks per full year of service.

- Claims for unpaid superannuation and Superannuation Guarantee Contributions are not covered by FEG.
- As previously mentioned, there is also the possibility that if Mediacloud is placed into liquidation following creditor rejection of the Proposed DOCA, an alternative purchaser would seek to acquire the business and provide ongoing employment. This outcome is subject to significant risk and uncertainty.

Note 9: Unsecured creditor claims

- Unsecured creditor claims have been calculated based on the Administrators' enquiries and proofs of debt received to date, and include statutory debts owing to the Australian Taxation Office and Office of State Revenue as well as general trade creditors. In the case of a liquidation, these would also include related party claims, which would be extinguished under the Proposed DOCA.

5.5 **Summary**

The below table summarises the estimated outcomes as contemplated above. On the assumptions set out above and information presently available to the Administrators, it is clear that the Proposed DOCA provides a superior, more certain and timely return to both employees and external unsecured creditors.

Table 3: Estimated outcome DOCA vs liquidation

Estimated outcome - DOCA vs Liquidation			
Class of creditor	DOCA	Liquidation	
		Low case	High case
Employee claims - former employees	100.00	Nil	Nil
External unsecured creditors	100.00	Nil	Nil

Based on the above, the Administrators recommend that creditors resolve that Mediacloud execute the Proposed DOCA as it provides a superior, more certain and timely return to employees and external creditors.

6 Options available to creditors

This section of the Report provides creditors with a statement of the Administrators' opinion about each of the courses of action in respect of which creditors are entitled to vote at the Supplementary Meeting of Creditors.

The Administrators are required to provide creditors with a statement of their opinion about each of the courses of action in respect of which creditors are entitled to vote at the Supplementary Meeting of Creditors on Friday, 28 May 2021.

The Administrators are required to opine on whether it would be in the creditors' interests:

- for the administration to end with control reverting to the Directors;
- to execute a DOCA; or
- to be wound up.

6.1 Administration to end

Creditors may consider ending the administration, and returning control to the Directors.

This would only be appropriate in circumstances where Mediacloud was deemed to be solvent.

The Administrators do not believe this to be a viable option, noting that Mediacloud is insolvent and would have no access to funding. It would not be appropriate to return control of an insolvent company to its Directors.

In the Administrators' opinion, it is not in the best interests of creditors of Mediacloud for control to revert to its Directors.

6.2 DOCA

A DOCA is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with. It aims to maximise the chances of the company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate winding up. A DOCA binds all unsecured creditors, even if they voted against the proposal.

A detailed assessment of the returns to creditors under the proposed DOCA is set out in **Section 5**.

In the Administrators' opinion, it is in the best interests of creditors of Mediacloud to vote to enter into the Proposed DOCA.

6.3 The Company be wound up

A return to creditors from a winding up of Mediacloud is dependent on recoveries from voidable transactions, such as insolvent trading or unfair preference claims. As set out earlier in our report, based on the Administrators preliminary investigations, we have determined it would be unlikely that any recoveries would be identified that would benefit creditors.

Given the likely superior return to creditors under the Proposed DOCA, the Administrators do not recommend creditors vote in favour of a winding up Mediacloud.

6.4 Administrators' recommendation

For the reasons set out above, the Administrators, at the time of writing this Report, recommend that creditors resolve that Mediacloud execute the Proposed DOCA.

7 Receipts and payments

Table 4: Summary of receipts and payments

Receipts and payments for the period 9 November 2020 to 7 May 2021	
Particular	Total (\$) as at 7 May 2021
Receipts	
Customer receipts	4,857,427
Pre-Appointment debtor recoveries	210,099
Cash at bank at appointment	1,233,789
Other income	8,260
Total receipts*	6,309,575
Payments	
Rent	(254,428)
Wages and on-costs	(2,744,568)
Transitional service expenses	(95,103)
Live captioning expenses	(89,375)
IT expenses	(364,014)
Software licence fees	(519,426)
Utilities	(52,297)
Child support withheld	897
Legal fees and disbursements	(273,173)
Insurance	(112,288)
Administrators remuneration	(934,713)
Administrators disbursements	(3,310)
Funding to DBS	(539,797)
GST Control: GST Paid/Received	(183,789)
Bank charges	(355)
Other expenses	(9,172)
Total payments	(6,174,912)
Net receipts/(payments)	134,663

Source: Administrators accounts

*Excludes SBS Funding Facility advances

8 Creditor information on remuneration

An administrator's remuneration can only be fixed by resolution of a committee of inspection, a company's creditors, or by application to the court.

In accordance with section 449E of the Act and the ARITA Code of Professional Practice, a Schedule of Remuneration Methods and Hourly Rates was provided to creditors with the Administrators' initial circular letter to creditors dated 12 November 2020, and tabled at the First Meeting of Creditors. A copy of this schedule is included at **Appendix D** to this Report.

At the Second Meeting of Creditors, creditors unanimously approved the Voluntary Administrators remuneration totalling \$1,024,298.00 (ex GST) which related to the period 9 November 2020 up to the date of the expected execution of the Proposed DOCA (and therefore end of the administration). In addition to these approvals, creditors also unanimously approved further remuneration resolutions which were relevant in the event the original DOCA was executed.

The Administrators' remuneration paid to date has been taken in line with these approvals. As a result of the voluntary administration period being extended, and the need to review and respond to the updated DOCA Proposal received from Telstra, at the forthcoming Supplementary Meeting of Creditors, the Administrators will ask creditors to consider further remuneration approvals, including:

- Balance of remuneration for the Voluntary Administrators for the period 20 February 2021 to the execution of the Proposed DOCA (if approved), based on remuneration earned and estimated time to be spent as at the date of this Report, taking into account the approvals already received at the Second Meeting of Creditors;
- Prospective remuneration for the Deed Administrators; and
- Prospective remuneration for the Liquidations (if appointed).

In the event that the Administrators' or Deed Administrators' remuneration in any of the periods where remuneration has been estimated is below the amount approved, only the amount actually incurred will be drawn. If actual remuneration exceeds the amount approved, the Administrators/ Deed Administrators will seek further approval by one of the ways described above.

Set out in **Appendix D** is the Remuneration Report for Mediacloud, with a summary of the fee resolutions to be proposed at the Supplementary Meeting of Creditors provided in the table below.

Table 5: Mediacloud remuneration resolutions sought

Resolution summary		Approval sought (ex GST)
Resolutions		
1	Balance of actual remuneration for the period 20 February 2021 to 7 May 2021	87,980
2	Estimated remuneration for the period 8 May 2021 to the execution of the proposed DOCA	318,417
3	Estimated remuneration for the Deed Administrators (to effectuation of DOCA)	200,145
4	Estimated remuneration for the Liquidators (if appointed)	250,035
Total approval sought - in the event that the Proposed DOCA approved by creditors (1,2,3)		606,542
Total approval sought - in the event that Mediacloud enters liquidation (1,2,4)		656,432

9 Supplementary Meeting of Creditors

The Supplementary Meeting of Creditors for Mediacloud has been convened to be held on **Friday, 28 May 2021** at **11:00AM**. The official notice of meeting is included at Appendix B.

While the meeting will technically be held at the offices of McGrathNicol, Level 12, 20 Martin Place, Sydney NSW 2000, the meeting will be held via webcast/teleconference, in order to ensure compliance with any restrictions that may be in place as a result of COVID-19.

Please note that those creditors planning on attending by webcast/teleconference should register their intention to do so with Alex Woolcott (awoolcott@mcgrathnicol.com) by 4:00 PM on 27 May 2021 and you will be provided with a link to join.

Observers accompanying a creditor are able to attend the meeting, however will not be entitled to participate, either by voting or by asking questions.

Creditors who intend to vote at the meeting are required to lodge a formal proof of debt. Creditors who have already lodged a proof of debt do not need to complete a new form. A blank proof of debt form is included at **Appendix G**.

Creditors may exercise their right to vote by voting at the meeting in person, by appointing a proxy or by postal vote.

Pursuant to the Act, the proxy forms lodged by creditors for previous meetings cannot be used for the Supplementary Meeting of Creditors. Accordingly, creditors who wish to vote by proxy should ensure that a proxy form for the Supplementary Meeting of Creditors, power of attorney or evidence of appointment of a company representative is completed and lodged. A proxy form is provided at **Appendix I**.

Provided at **Appendix F** is an information sheet "General information for Attending and Voting at Meeting of Creditors".

Documents must be lodged with the Administrators' office by **Thursday, 27 May 2021**.

A copy of the minutes of the Supplementary Meeting of Creditors will be made available on the McGrathNicol website (www.mcgrathnicol.com/creditors/mediacloud-pty-ltd) within ten business days of the meeting.

10 Contact

Provided at **Appendix G** are information sheets issued by ASIC and ARITA for the information of creditors.

Please refer to the McGrathNicol website at www.mcgrathnicol.com/creditors/mediacloud-pty-ltd for further information regarding this engagement. Creditors may also email mediacloudgeneral@mcgrathnicol.com if they have any queries.

Dated: 21 May 2021



Barry Kogan
Joint and Several Administrator



Jonathan Henry
Joint and Several Administrator

11 Appendices

Appendix A: Telstra DOCA Proposal/Term Sheet

Appendix B: Notice of Meeting

Appendix C: Declaration of Independence, Relevant Relationships and Indemnities

Appendix D: Remuneration Report

Appendix E: Schedule of Remuneration and Rates

Appendix F: General information for Attending and Voting at Meeting of Creditors

Appendix G: ASIC and ARITA information sheets

Appendix H: Proof of Debt form and guidance notes

Appendix I: Proxy form and guidance notes

Appendix J: Administrators 1st Report to Creditors