

11 June 2021



Autocare Services Pty Ltd (Administrators Appointed) ACN 004 497 607

Report to creditors

Section 75-225 of the Insolvency Practice Rules (Corporations) 2016

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1. About this report: a guide for creditors

1.1. Purpose of this report

- We are required to prepare this report pursuant to the Act and provide creditors with information about the Company's business, property, affairs and financial circumstances.
- This report contains the information we are required by law to include, plus other information considered materially relevant to creditors to enable them to make an informed decision about the Company's future.
- This report and its attachments contain details about the forthcoming second meeting of creditors to be held on Tuesday, 22 June 2021, our opinion and recommendation about the future of the Company and what we consider to be in the creditors' best interests.
- Creditors are required to decide whether:
 - the Company should execute a DOCA, or
 - the administration of the Company should end, or
 - the Company should be wound up.
- Alternatively, creditors can vote to adjourn the meeting for up to 45 business days to allow more time to make their decision.

1.2. Second Meeting of Creditors

- The Administrators are required under law to convene a second meeting of creditors, at which time creditors will vote on the future of the Company.
- As mentioned above, the second meeting of creditors will be held on **Tuesday, 22 June 2021 at 2:00pm (AEST)** using virtual meeting facilities.
- Due to the ongoing threat of COVID-19, this meeting will be held by electronic means only and there will be no physical meeting place available.
- Should you wish to attend the second meeting of creditors, please complete and return the relevant forms shown below, to our office by no later than 2:00pm (AEST) Monday, 21 June 2021.
- Meeting forms are also available to be downloaded from the FTI Consulting Creditor Portal: www.fticonsulting.com/creditors/autocare-services-pty-ltd

- Forms for second meeting of creditors:

Meeting Registration Form

You must complete this form if you wish to attend the meeting of creditors, and vote at the meeting.

Once you have submitted your proxy and proof of debt form, please complete the form found at: <https://forms.office.com/r/jcfXa7NQs0>

Creditors will receive a link to register for the Zoom meeting by email, once they have submitted the required forms.

A creditor unique identifier will also be provided to be used for voting at the meeting.

Proxy Form

You must complete this form if you wish to appoint another person to attend the meeting on your behalf (corporate creditors must complete this form).

Non-individual creditors (corporate, trusts, etc.) who want to be represented must appoint an individual to act on its behalf by executing a proxy form.

Individuals may choose to appoint a proxy/representative to vote on their behalf by executing a proxy form.

Proof of Debt Form

You must complete this form in order to vote at the meeting.

This form is required to register your claim against the Company for voting purposes only (if not submitted already).

Documents to substantiate your claim (e.g. invoices) must also be provided.

1.3. Key messages and recommendations

- Christopher Hill, Joseph Hansell and Ross Blakeley were appointed as the Administrators of the Company on 4 February 2021.
- Our preliminary investigations indicate that the Company was operating at a loss since January 2017 but received shareholder support (through a letter of support and working capital facility) up to and shortly before the date of the appointment of the Administrators.
- The Company experienced successive years of operating losses resulting from competitive downward pressure on pricing rates, loss of contracts as well as a general reduction in volumes and storage utilisation.
- A number of critical restructuring initiatives have been implemented throughout the Administration relating to customer contracts, the ongoing property portfolio and the workforce which have created a sustainable platform for the ongoing operations of the Company.
- A DOCA has been proposed by LCCG. A summary of the key terms of the DOCA are summarised in **Section 8**.
- In our opinion, it is in the creditors' best interests to execute the proposed DOCA.**
- Pages 6 to 10 summarise the items considered to be the most important for creditors.

1.4. Questions and help

If you are unsure about any of the matters raised in this report and the impact that any decision about the Company's future may have on you, please contact us by email at ACS@fticonsulting.com or by phone (02) 8247 8000.

2. Key messages

2.1. Overview of administration strategy

Administrators' Strategy and Major Actions

| | | | | | |
|--|---|---|---|--|--|
| <p>Strategy & Trading</p> | <p>Continued trade on a business as usual basis whilst various restructuring initiatives were undertaken with a view to stabilising the business. Prepared and maintained a forecast cash flow, continued existing customer contracts to protect ongoing operations and explored a going concern sale or recapitalisation of the Company.</p> | <p>Commenced a sale campaign for the Company's business and assets that included advertising in national media, the preparation of an information memorandum and active engagement with various interested parties.</p> | <p>Actively engaged with stakeholders including suppliers, customers, subcontractors and employees to mitigate the risk of business disruption and ensure continuity of service.</p> <p>Undertook an assessment of WH&S issues including the engagement of a WH&S consultant.</p> | <p>Secured the ongoing trading support of existing customers and entered negotiations to revise the terms and conditions of vehicle service agreements or effectively manage and transition the exit of customers.</p> | <p>Assessed and implemented a workforce and property rationalisation plan based on go-forward customers.</p> |
| <p>Statutory matters & Investigations</p> | <p>Attended to all required statutory obligations and requirements.</p> | <p>Placed insurance cover over the Company's assets, dealt with various insurance issues, and opened bank accounts in the name of the Administrators.</p> | <p>Undertook investigations into the financial performance and position of the Company leading up to our appointment.</p> | <p>Performed financial analysis, identifying loans to and from related parties and other possible voidable transactions.</p> | <p>Formed a preliminary opinion of the existence of voidable transactions and other claims or breaches of the Act.</p> |

Administrators' Strategy and Major Actions

Stakeholders

Circular and correspondence to 900+ creditors and suppliers.

Liaised regularly with over 600 employees and subcontractors regarding outstanding entitlements and the ongoing administration. Undertook and funded various redundancy programs.

Liaised with the TWU and the AMWU regarding issues pertinent to their members including the workforce and subcontractor rationalisation program. Liaised and negotiated with the TWU and contractor fleet with respect to new subcontract arrangements

Extensive negotiations with customers to confirm the "go-forward" customers, including contract variations. Extensive negotiations with continuing landlords.

Preparation of this report pursuant to Section 75-225 of the IPR.

2.2. Key messages for creditors

Set out below is a summary of the key messages and recommendations that are detailed in this report. Please read this summary in conjunction with the remainder of the report including the terms of reference contained in **Appendix 1** and any other attachments.

| Key areas | Commentary | Analysis |
|--|--|--------------------|
| Explanations for the Company's difficulties | <p>Our investigations have identified the drivers for the Company's difficulties were primarily external, being:</p> <ul style="list-style-type: none"> ▪ Competitive downward pressures on pricing, negatively impacting gross margin; ▪ Declining storage volumes due to the loss of customers and a decrease in OEM storage requirements; and ▪ A significant fixed cost base, primarily in high-cost on-wharf leases that became under-utilised due to the decline in storage requirements. | Section 4.7 |
| Administrators' actions and strategy | <p>Our strategy for the administration has been to:</p> <ul style="list-style-type: none"> ▪ Obtain control of the national operations and trade the business as a going concern; ▪ Correspond and negotiate with OEMs regarding ongoing trade, including amending existing vehicle service agreements and implementing transition plans for those customers exiting the business; ▪ Assess, review and implement a real estate restructure and rationalisation strategy; ▪ Assess, review and implement a workforce rationalisation strategy; and ▪ Engage in an EOI sale campaign in relation to the sale or recapitalisation of the business and/or assets of the Company. | Section 6.1 |
| Estimated date of insolvency | <p>Our preliminary view is that the Company may have been insolvent on 28 January 2021, being the date that ongoing support from the shareholder was withdrawn.</p> | Section 7 |
| Voidable transactions and offences | <p>We have conducted preliminary investigations into transactions which a liquidator, if appointed, could pursue that may result in property or money being recovered for the benefit of creditors. We have identified a potential voidable transaction, specifically in relation to a transaction which granted additional security to LCCG in December 2020. However, our preliminary view is that this transaction is unlikely to result in funds being recovered for the benefit of creditors as the Company was likely solvent at the time, a number of aspects of any potential claim are likely to be difficult to prove and further, we consider it is unlikely there has been any loss suffered by the Company as a result of the transaction. Further details are provided in Section 7 of this report.</p> | Section 7 |
| Offences by directors | <p>Based on our investigations to date, it does not appear that offences have been committed by the Director of the Company.</p> | Section 7 |
| Liability for insolvent trading | <p>For the purposes of assessing whether the Company traded whilst insolvent, we consider it likely that the Company may have been insolvent from 28 January 2021, being just prior to the Administrators' appointment, as a consequence of the withdrawal of ongoing support by LCCG on this day.</p> <p>Having regard to the debts incurred from 28 January 2021 to 4 February 2021 (being the date of the Administrators appointment), the potential insolvent trading claim against the Director is likely to be</p> | Section 7 |

| Key areas | Commentary | Analysis | | | | | | | | | | | | | | | | | | | | | |
|---|--|-----------------------------|--------------------|-------------|---------------------|---------------------------|------------------|----------------------------|---|-------------------------|-----------------------|-------------------------|--|--|-----|------------------------|--------------------------------------|-----|-----------------------|-----------------------------------|-----|-----------------------------|------------------|
| Proposal for a deed of company arrangement | <p>immaterial. We are of the view there would be no commercial benefit in pursuing such a claim having regard to the quantum of any claim, the superior outcome of the DOCA Proposal, the risks in pursuing litigation and the defences available to the director, including the safe harbour provisions.</p> <p>Further investigations into the date of insolvency, and any potential liability for insolvent trading, would be undertaken if the Company is placed into Liquidation.</p> <p>A proposal for a DOCA has been received from LCCG in its capacity as the Company's sole shareholder and senior secured creditor. The DOCA provides for:</p> <ul style="list-style-type: none"> ■ Continued trade of the business as a going concern; ■ Employee benefits being paid in full or transferred to the restructured Company; and ■ A dividend to unsecured creditors using a pooling mechanism outlined in the DOCA Proposal. <p>It is our opinion that the DOCA proposal is in the best interests of creditors.</p> | Section 8 | | | | | | | | | | | | | | | | | | | | | |
| Estimated outcome for creditors | <p>The estimates shown are based on the information presently available, our view of the Company's estimated realisable value of assets and estimated claims of creditors:</p> <table border="1" data-bbox="544 783 1751 1278"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Liquidation</u></th> <th style="text-align: center;"><u>DOCA</u></th> </tr> </thead> <tbody> <tr> <td>■ Secured creditors</td> <td style="text-align: center;">18-51 cents in the dollar</td> <td style="text-align: center;">Claim maintained</td> </tr> <tr> <td>■ Priority employee claims</td> <td style="text-align: center;">78-91 cents in the dollar (prior to any FEG claim)</td> <td style="text-align: center;">100 cents in the dollar</td> </tr> <tr> <td>■ Unsecured creditors</td> <td style="text-align: center;">Nil cents in the dollar</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Pool A – strategic transport creditors</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">47 cents in the dollar</td> </tr> <tr> <td style="padding-left: 20px;">Pool B – general unsecured creditors</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">5 cents in the dollar</td> </tr> <tr> <td style="padding-left: 20px;">Pool C – admitted lease creditors</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">0.3-0.5 cents in the dollar</td> </tr> </tbody> </table> <p>The key factor impacting the estimated return to creditors in a liquidation is the lack of availability of surplus funds from both circulating and non-circulating assets after paying amounts to both priority creditors and the secured creditor.</p> | | <u>Liquidation</u> | <u>DOCA</u> | ■ Secured creditors | 18-51 cents in the dollar | Claim maintained | ■ Priority employee claims | 78-91 cents in the dollar (prior to any FEG claim) | 100 cents in the dollar | ■ Unsecured creditors | Nil cents in the dollar | | Pool A – strategic transport creditors | N/A | 47 cents in the dollar | Pool B – general unsecured creditors | N/A | 5 cents in the dollar | Pool C – admitted lease creditors | N/A | 0.3-0.5 cents in the dollar | Section 9 |
| | <u>Liquidation</u> | <u>DOCA</u> | | | | | | | | | | | | | | | | | | | | | |
| ■ Secured creditors | 18-51 cents in the dollar | Claim maintained | | | | | | | | | | | | | | | | | | | | | |
| ■ Priority employee claims | 78-91 cents in the dollar (prior to any FEG claim) | 100 cents in the dollar | | | | | | | | | | | | | | | | | | | | | |
| ■ Unsecured creditors | Nil cents in the dollar | | | | | | | | | | | | | | | | | | | | | | |
| Pool A – strategic transport creditors | N/A | 47 cents in the dollar | | | | | | | | | | | | | | | | | | | | | |
| Pool B – general unsecured creditors | N/A | 5 cents in the dollar | | | | | | | | | | | | | | | | | | | | | |
| Pool C – admitted lease creditors | N/A | 0.3-0.5 cents in the dollar | | | | | | | | | | | | | | | | | | | | | |

| Key areas | Commentary | Analysis | | | | | | | | | | | | |
|---|--|--------------------------|--------------------|-------------|---------------------|----------|-----|----------------------------|----------|-----|-----------------------|-----|----------|-------------------------|
| <p>Timing of payments to creditors</p> | <p>The key factor impacting the estimated return to creditors in a DOCA is the external cash contribution (\$1.656m), the cap on dividends and the quantum of claims for each pool. Further details about the pooling mechanism is in Section 8 with the listing of creditors in each pool in the DOCA Proposal in Appendix 7.</p> <p>The indicative (estimated) timing of dividends is set out below for each class of creditor under a DOCA and liquidation scenario:</p> <table border="1" data-bbox="546 485 1469 683"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Liquidation</u></th> <th style="text-align: center;"><u>DOCA</u></th> </tr> </thead> <tbody> <tr> <td>▪ Secured creditors</td> <td style="text-align: center;">3 months</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td>▪ Priority employee claims</td> <td style="text-align: center;">6 months</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td>▪ Unsecured creditors</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">3 months</td> </tr> </tbody> </table> <p>The key factors and variables impacting the estimated timing in the liquidation scenario includes the time it takes to realise the assets and timing of the winding down of the business operations and in relation to priority employees, the time taken to make a claim through FEG.</p> <p>The timing in the DOCA Scenario relates to the calling, submission and adjudication of proofs of debt and the payment of a dividend.</p> | | <u>Liquidation</u> | <u>DOCA</u> | ▪ Secured creditors | 3 months | N/A | ▪ Priority employee claims | 6 months | N/A | ▪ Unsecured creditors | N/A | 3 months | <p>Section 9</p> |
| | <u>Liquidation</u> | <u>DOCA</u> | | | | | | | | | | | | |
| ▪ Secured creditors | 3 months | N/A | | | | | | | | | | | | |
| ▪ Priority employee claims | 6 months | N/A | | | | | | | | | | | | |
| ▪ Unsecured creditors | N/A | 3 months | | | | | | | | | | | | |
| <p>Remuneration</p> | <p>Under Section 449E of the Act, the remuneration of the Administrators (and either the Deed Administrators or Liquidators, if appointed) can be fixed at the second meeting of creditors. Details of our proposed remuneration and resolutions are included in our Remuneration Approval Report.</p> | <p>Appendix 6</p> | | | | | | | | | | | | |

3. Recommendation on the Company's future

In our opinion it is in the creditors' interests that the Company execute a deed of company arrangement in line with the terms proposed.

Details about the estimated return to creditors and other information regarding what creditors can decide at the meeting are provided at **Sections 9 and 10** of this report.

| Options available to creditors | Option 1: Execute a DOCA | Option 2: Administration end | Option 3: Liquidation |
|---------------------------------|---|---|---|
| Description | <ul style="list-style-type: none"> Whether it would be in the creditors' interests for the Company to execute a DOCA | <ul style="list-style-type: none"> Whether it would be in the creditors' interests for the administration to end | <ul style="list-style-type: none"> Whether it would be in the creditors' interests for the Company to be wound up |
| Key factors to considers | <ul style="list-style-type: none"> The business will continue as a going concern in accordance with the objective of Part 5.3A of the Act, continuing to play a key part in the supply chain for new vehicles in Australia The existing workforce will be retained, including maintenance of employee entitlements in full Unsecured creditors will receive a greater return under the DOCA proposal than they would if the Company was immediately wound up | <ul style="list-style-type: none"> The Company is insolvent with no cash to pay all due debts and no confirmed prospects of obtaining external funding | <ul style="list-style-type: none"> The proposed DOCA will provide a higher cent in the dollar return for unsecured creditors than they may receive in an immediate winding up. An immediate winding up would likely see the existing business cease as a going concern and the workforce made redundant |
| Our opinion | <ul style="list-style-type: none"> Is in the creditors' interests that the Company execute a DOCA in line with the terms proposed | <ul style="list-style-type: none"> Not in the creditors' interests that the administration should end | <ul style="list-style-type: none"> Not in the creditors' interests that the Company be wound up |
| Recommended option | Recommended | Not recommended | Not recommended |

**Options available
to creditors**

**Option 1:
Execute a DOCA**

**Option 2:
Administration end**

**Option 3:
Liquidation**

**Potential to adjourn
the meeting to a
future date**

- Creditors may wish to adjourn the second meeting for up to 45 business days to allow more time to make their decision regarding the future of the Company.

4. Background information and Reasons for Failure

4.1. Appointment of Administrators

- On 4 February 2021, Christopher Hill, Ross Blakeley and I were appointed Joint and Several Voluntary Administrators of Autocare Services Pty Ltd (Administrators Appointed) in accordance with a resolution passed at a meeting of the Company's director pursuant to Section 436A of the Act.
- In a voluntary administration, the Administrators take control of a company and its affairs, superseding the powers of the directors and officers to make decisions and perform management functions.
- We also have a duty to investigate the Company's business, property, affairs and financial circumstances and report to creditors on alternative options available.

4.2. Administrator's prior involvement and independence

- In accordance with Section 436DA of the Act, we provided a DIRRI with our first communication to creditors. This DIRRI included the circumstances that led to our appointment as Administrators.
- A revised DIRRI was lodged with ASIC on 7 April 2021. A copy of our revised DIRRI is provided at **Appendix 5**. We lodged a revised DIRRI as a result of various discussions with ASIC.

4.3. Outcome of the first meeting of creditors

- The first meeting of creditors was held on 16 February 2021 to consider the formation of a committee of inspection and whether to appoint different persons to be the Administrators of the Company.
- No nominations for alternative Administrators were received. Creditors resolved to form a committee of inspection and the following representatives were appointed to the committee:

Table 1: Committee of Inspection Members

| | |
|--|---|
| Robert Mills on behalf of Australian Amalgamated Terminals Pty Ltd | Christine Allsopp on behalf of CG&C Enterprises |
| Tim Hickey on behalf of Alliance Promotions Pty Ltd | Claud Chaaya on behalf of AIMS Funds Management |
| Eliza Anning on behalf of LINX Cargo Care Group Pty Ltd | Amanda Swan on behalf of Perth Airport Pty Ltd |
| Jennifer Draper on behalf of Port of Brisbane Pty Ltd | David Smith on behalf of Jason Budd |
| Andrew Bruce on behalf of Searoad Shipping Pty Ltd | Graham Harrison on behalf of Transport 2000 |

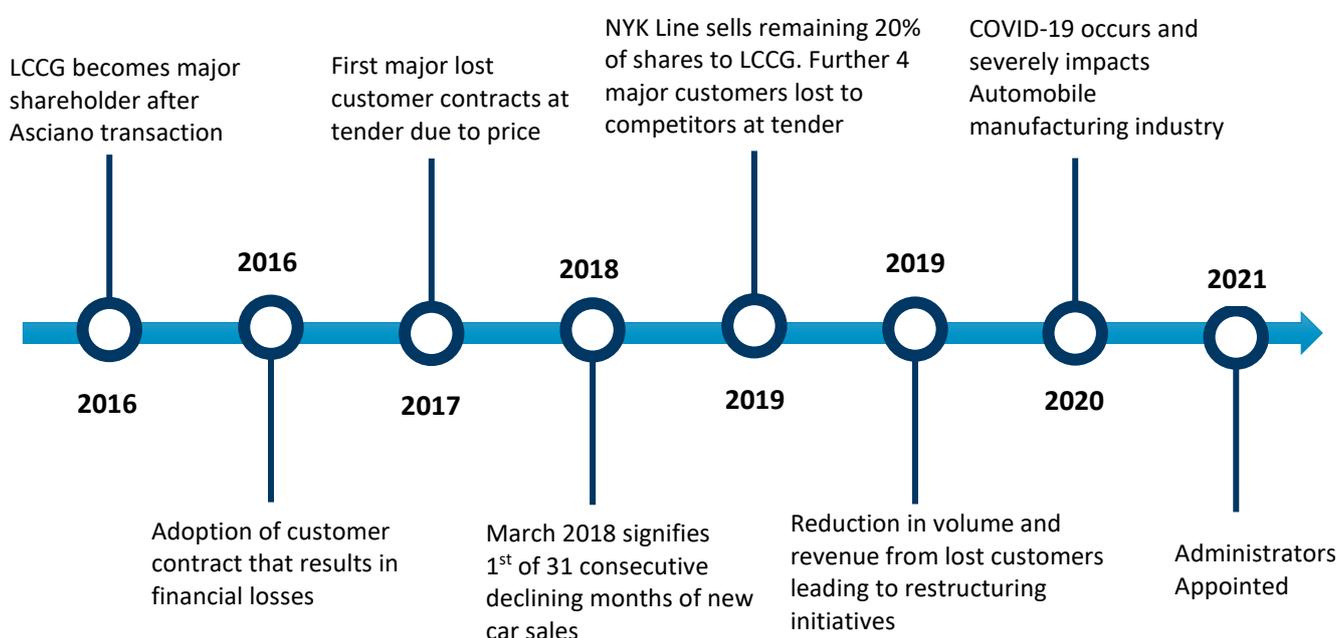
No Committee meetings were held during the Administration period.

4.4. Brief History of the Company

- The Company was founded in 1961 and acquired by Patrick Corp Ltd in 1996. The sole shareholder of the Company is now LCCG, following the separation from Patrick and the ASX-listed Asciano group of companies in 2016. Further details of the recent timeline are in **Section 4.5** below.

- The Company operates three business units being processing, storage and transport of new vehicles and specialised in the provision of on-wharf and off-wharf PDI facilities, historically processing more than 500,000 vehicles per annum on a national basis. The Company also handled in excess of 800,000 vehicle movements annually and had storage capacity for more than 50,000 vehicles.
- In addition to its owner-drive labour force, the Company operated a company-owned fleet of approximately 90 prime movers and 200 trailers at appointment.
- The Company also consists of a business, Smith Channon, an independent customs broking and freight forwarding business based in Adelaide, SA. Further details relating to Smith Channon is detailed in **Section 6.5** of this report.
- Further details about the Company such as statutory information, shareholdings and security interests over the Company are included in **Appendix 2**.
- **Section 5** details a summary of the Company's historical performance and our preliminary analysis and comments about the existence and form of financial statements prepared by the Company.

4.5. Recent History of the Company



4.6. Directors' explanation for the Company's difficulties

The director of the Company attributed the current circumstances faced by the Company are a result of the following:

- Successive years of operating losses resulting from volatile market conditions, declining vehicle volumes and rising land/property costs; and
- The withdrawal of financial support from its parent company.

4.7. Administrators' View for the Company's difficulties

From our investigations to date, we have identified the key internal and external drivers as possible causes for the Company's failure:

- Highly competitive marketplace, leading to reduced rates and contract profitability;
- Loss of contracts and general reduction in vehicle volumes and storage utilisation;
- Increasing property costs, particularly those on-wharf, with commensurate increases unable to be passed onto customers; and

- Dramatic shift in the demand and supply of new vehicles within the automotive industry, particularly through the global pandemic.

4.7.1. Reduced Rates and Customer Profitability

Following our appointment, we undertook an analysis of the historical profitability of the Company's customers. Table 2 illustrates that the Company's gross margin reduced from 6% in FY19 to 4% in FY20. However, a deeper analysis demonstrates that unprofitable contracts negatively contributed to the poor gross margin:

Table 2: Customer Profitability Analysis FY19 and FY20

| \$'000 | Profitable Contracts | Non-Profitable Contracts | Total |
|---------------------|----------------------|--------------------------|-----------|
| 2019 | | | |
| Total Revenue | 141,025 | 64,882 | 205,907 |
| Total Direct Costs | 108,036 | 85,468 | 193,504 |
| Gross Margin | 23% | (32%) | 6% |
| 2020 | | | |
| Total Revenue | 119,049 | 41,451 | 160,500 |
| Total Direct Costs | 101,806 | 52,027 | 153,833 |
| Gross Margin | 14% | (26%) | 4% |

Further review of contract profitability from 2016 identified that certain vehicle service agreements were loss-making upon inception. From our discussions with management, these contracts were negotiated as loss leaders in order to gain additional volume and future work. Our review confirms that whilst there was an increase in contracted volume, this increase was ultimately not accretive from an EBITDA perspective.

Management have advised that these contracts created a "race to the bottom" where future tenders were extremely price competitive. Management advised that since 2016, several key contracts were subsequently lost at tender due to extensive price competition in the sector (i.e. not due to performance). Table 3 below illustrates the volume impact from the lost customer contracts. These contracts represented between 12% to 19% of total volume between 2017 and 2019:

Table 3: Volume Data & Loss of Key Customers

| Customer | 2017 | 2018 | 2019 | 2020 |
|-----------------------|----------------|----------------|----------------|----------------|
| OEM Total | 552,004 | 560,594 | 464,199 | 367,421 |
| Customers Lost | | | | |
| Customer A | 23,062 | 19,566 | 7,360 | - |
| Customer B | 5,405 | 5,856 | 5,406 | - |
| Customer C | 15,677 | 14,993 | 12,857 | - |
| Customer D | 58,165 | 57,372 | 28,714 | - |
| Customer Total | 102,309 | 97,787 | 54,337 | - |
| % | 19% | 17% | 12% | -% |

From our investigations, this reduction in revenue subsequently drove key business decisions with respect to fleet rationalisation and other restructuring initiatives as detailed below.

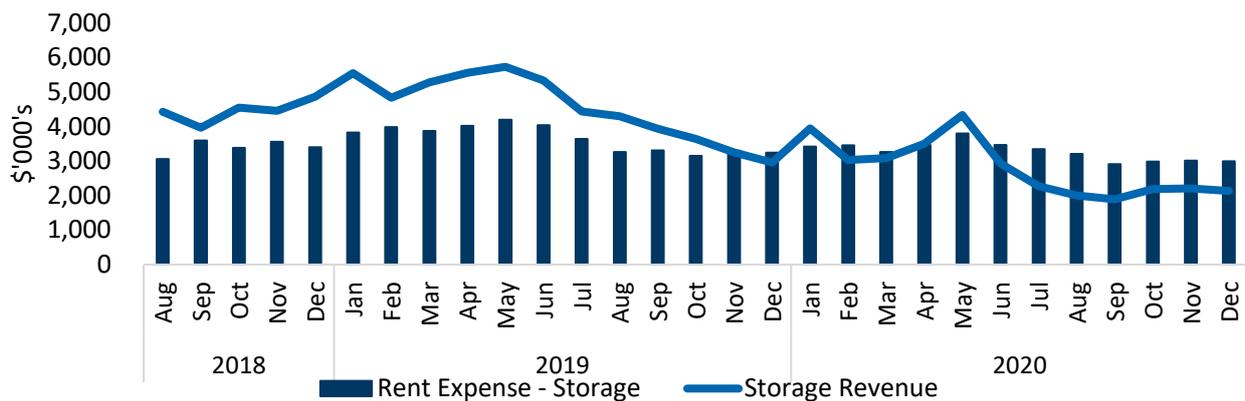
4.7.2. Loss of Contracts, Reduction in Volumes and Storage Utilisation

One of the key drivers for the financial circumstances of the Company was a gradual decline in storage revenue, compared to the ongoing fixed cost nature of the property portfolio. Chart 1 below illustrates that

while storage revenue began to decline from May 2019 onwards, the associated rental expense continued resulting in storage converting to a direct loss-making division during 2020. The drivers for this deterioration in performance were:

- No minimum storage volumes within customer contracts;
- Increasingly high allocation rates of OEM's (see below); and
- A drop in arrival volumes that ultimately resulted in less storage being required.

Chart 1: Storage Revenue vs Storage Rent Expense



A key performance metric of the storage division is Vehicle Storage Days, with VSD reducing by c.70% between Q1 2019 and Q1 2021 per Table 4 below.

Table 4: Vehicle Stored Days and Allocation Rates

| | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Arrivals | 127,743 | 131,332 | 107,628 | 97,496 | 92,738 | 68,820 | 85,884 | 119,979 | 105,239 |
| Vehicle Stored Days | 5,895 | 6,060 | 4,679 | 3,720 | 3,022 | 3,535 | 1,495 | 1,520 | 1,740* |
| Allocation Rates | 48% | 48% | 46% | 54% | 57% | 41% | 61% | 76% | 81% |

Source: Autocare management accounts. *Used budget figures for March 2021 VSD

This reduction in VSD drove a drop in revenue, while the cost of the fixed long-term leases continued to be maintained over the same period. Allocation Rates (discussed below) also climbed during the COVID-19 pandemic, resulting in a further deterioration in VSD.

Allocation Rates

Another key metric for the Storage division is "Allocation Rates", being the proportion of new vehicle arrivals that are already sold (or allocated) to dealers and which consequently do not require storage (and are therefore not included in VSD). Allocation Rates remained relatively consistent over the period to Q2 2020. However, there was a substantial increase in recorded allocation rates from 41% to 81% between Q2 2020 and Q1 2021, illustrating a material shift in the demand and supply of new vehicles during the COVID-19 pandemic.

From discussions with Management, the Allocation Rates in 2020 increased due to a shift in behaviour from OEMs, whereby they:

- Changed to more of a "just in time" model,

- Temporarily ceased operations of some factories due to COVID-19; and
- Reallocated stock to different locations which in turn reduced local storage requirements.

Arrival Volume

There was also a material decline in arrival volumes from 2018 onwards (from c\$155k in Q2 2018 to c\$69k in Q2 2020). This decline is partially due to the loss of customer contracts over the period and was further exacerbated by the global pandemic, when supply chains became severely constrained.

Table 5: Storage Days Requirements of Lost Customers

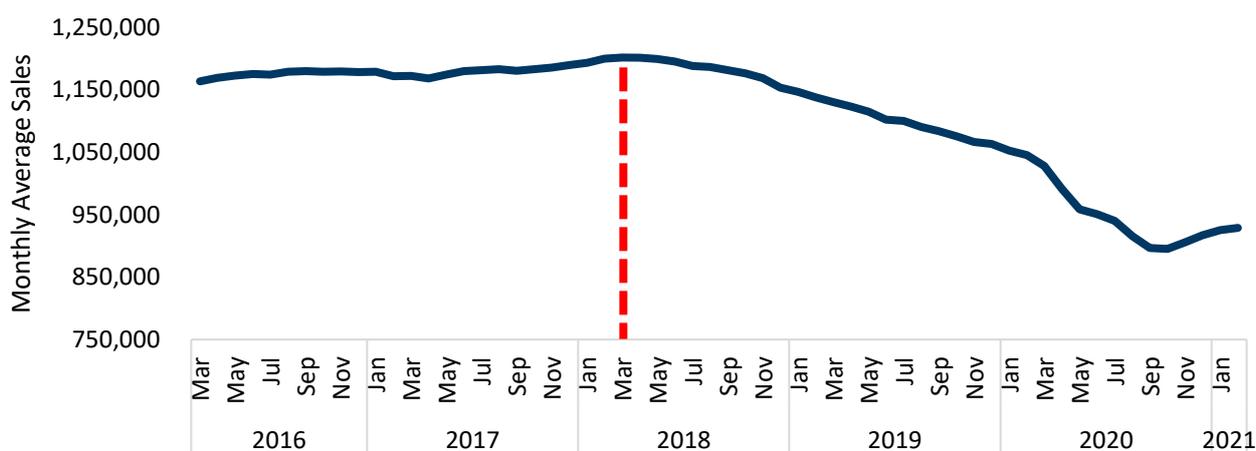
| Customer | 2017 | 2018 | 2019 | 2020 |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| OEM Total | 34,426,633 | 43,623,899 | 45,825,073 | 42,507,924 |
| Customers Lost | | | | |
| Customer A | 6,466,922 | 1,940,980 | 278,915 | - |
| Customer B | 374,837 | 182,969 | 159,885 | - |
| Customer C | 2,897,916 | 3,182,057 | 1,706,157 | - |
| Customer D | 5,071,440 | 4,271,862 | 1,651,019 | - |
| Customer Total | 14,811,115 | 9,577,868 | 3,795,976 | - |
| Lost Customer % | 43% | 22% | 8% | -% |

The combination of lost customers and the changing behaviours of OEM's have had a fundamental impact on the performance of the storage division of the Company, in circumstances where it continued to bear the fixed costs of leases without any guaranteed minimum volumes from customers.

4.7.3. Shift in the demand and supply within the automotive industry

The Automotive Industry in Australia has been on the decline over the past five years, with the exit of domestic passenger motor vehicle manufacturers, a decrease in business confidence, a drop in real household discretionary income and more recently the impact of COVID-19. Official new-car sales figures published by the Federal Chamber of Automotive Industries in May 2021 shows there was 31 consecutive declining months of monthly vehicle sales from March 2018 onwards, as evidenced by Chart 4 below.

Chart 4: Australian Monthly New Vehicle Sales (rolling average)



Source: Industry Report on Automobile Market

The COVID-19 Pandemic has also led to volatility in consumer sentiment and weak business confidence in 2020, resulting in a 3.7% decrease in industry revenue for 2020. The impact from the decrease in overall demand and change in manufacturing supply has seen a negative impact on revenue as seen in Table 3 and

Section 5.1.2. The subsequent increase in demand in 2021 for new vehicles and the limited supply of stock has exacerbated the storage utilisation issue for the Company, resulting in extremely high allocation rates as seen in Table 4.

5. Historical financial analysis

5.1.1. Balance Sheet Summary

Table 6: Autocare Services Pty Ltd (Administrators appointed)

| Historical Statement of Position | | | |
|---|----------------|-----------------|-------------------------|
| \$'000s | FY18 | FY19 | FY20¹ |
| Current Assets | | | |
| Cash and cash equivalents | 4,111 | 21,958 | 13,423 |
| Trade and other receivables | 30,824 | 20,391 | 19,755 |
| Inventories | 1,047 | 677 | 942 |
| Prepayments | 5,882 | 4,236 | 5,590 |
| Current tax receivable | - | - | - |
| Total Current Assets | 41,864 | 47,262 | 39,709 |
| Non-Current Assets | | | |
| Property, plant and equipment and intangible assets | 70,364 | 67,028 | 58,572 |
| Goodwill | - | - | - |
| Right of use asset | - | 417,968 | 292,703 |
| Other assets | 216 | 10,130 | 18,602 |
| Deferred tax assets | 13,422 | - | 20,013 |
| Total Non-Current Assets | 84,002 | 495,126 | 389,890 |
| Total Assets | 125,866 | 542,388 | 429,599 |
| Current Liabilities | | | |
| Trade and other payables | 48,412 | 29,273 | 34,755 |
| Lease Liability | - | 38,160 | 40,503 |
| Shareholder loans | 55,000 | - | - |
| Employee benefit provisions | 7,396 | 9,049 | 8,730 |
| Provisions | 1,745 | 1,047 | 1,849 |
| Total Current Liabilities | 112,553 | 77,529 | 85,838 |
| Non-Current Liabilities | | | |
| Employee benefit provisions | 856 | 457 | 442 |
| Lease liability | - | 397,834 | 290,996 |
| Shareholder loans | - | 92,625 | 96,389 |
| Other payables | - | 5,646 | 2,664 |
| Total Non-Current Liabilities | 856 | 496,562 | 390,492 |
| Total Liabilities | 113,409 | 574,091 | 476,330 |
| Net Assets | 12,457 | (31,703) | (46,730) |

Source: Autocare Audited Financial Statements FY17, Autocare Audited Financial Statements FY18, Autocare Audited Financial Statements FY19. Note¹: Audited financials were not available at the time of this report. Management trial balances were used to compute FY20 figures.

Our observations are as follows:

- The Company's cash and cash equivalents increased from \$4.1m in 2018 to \$22.0m in 2019 (434%), primarily due to additional shareholder funding provided by LCCG and improved controls around accounts receivable;
- The shareholder loan balance increased by \$37.6m over the period, and the amount was reclassified as a non-current shareholder loan in FY19, evidencing LCCG's continued financial support of the

Company. Further details around the importance of LCCG funding the ongoing trading of the Company is provided in **Section 7** and **Appendix 3**;

- Receivables further reduced in FY20 in line with the overall decline in revenue;
- Property, Plant and Equipment fell by \$11.8m (17%) from 2018 to 2020 due to reduced capex spend and fleet size as volumes decreased;
- The Non-Current Right of Use of Asset and Current and Non-Current Lease liability relating to both property leases and leases associated with prime movers appeared in 2019, as a result of the introduction of accounting standard AASB 16 in relation to leases; and
- Trade and other payables have broadly decreased over the period, in line with the overall reduction in revenue and associated direct costs.

Overall, the balance sheet indicates a company that has contracted over a 5 year period, with ongoing trading losses and underutilised property assets contributing to the deterioration from a net asset position to a net liability position by FY20 – over the same period, there is an increasing reliance on the shareholder loan to fund ongoing operations, as evidenced by the ever increasing balance.

5.1.2. Profit and Loss Summary

Table 7: Autocare Services Pty Ltd (Administrators Appointed)
Historical Profit and Loss

| | \$'000s | FY18 | FY19 | FY20 |
|---------------------------------|---------|----------------|----------------|-----------------|
| Revenue | | | | |
| Transport | | 122,922 | 113,167 | 96,876 |
| Storage | | 54,296 | 54,470 | 33,262 |
| Processing | | 40,314 | 33,879 | 25,034 |
| Fleet Conversion | | 9,521 | 4,758 | 3,669 |
| Rectification | | 3,577 | 2,861 | 878 |
| Other Revenue | | 9,580 | 6,544 | 6,725 |
| Total Revenue | | 240,210 | 215,678 | 166,444 |
| Direct Expenses | | | | |
| Labour | | 61,544 | 57,026 | 45,823 |
| Subcontractors | | 52,630 | 48,141 | 41,741 |
| Other Staff Related Costs | | 1,186 | 1,041 | (8,800) |
| Property and Electricity | | 54,527 | 55,352 | 50,311 |
| Equipment Expenses | | 17,846 | 14,258 | 13,894 |
| Fuel and Oil | | 12,644 | 10,653 | 7,316 |
| Other Direct Expenses | | 8,926 | 5,607 | 5,264 |
| Contracted Ops Services | | 1,899 | 952 | 657 |
| Total Direct Expenses | | 211,202 | 193,029 | 156,207 |
| Gross Margin | | 29,008 | 22,649 | 10,237 |
| Operating Expenses | | | | |
| Depreciation & Amortisation | | 13,752 | 12,705 | 9,446 |
| Indirect Labour Incl. JobKeeper | | 11,451 | 11,737 | 8,439 |
| Indirect expenses | | 6,816 | 6,097 | 6,800 |
| Overheads | | 2,910 | 1,914 | 1,485 |
| Total Operating Expenses | | 34,929 | 32,453 | 26,170 |
| Net Profit | | (5,921) | (9,804) | (15,933) |

Source: Autocare Management Accounts

Our observations are as follows:

- We note that there was a loss of key customer contracts between FY16 – FY19. Top line revenue, which is primarily comprised of transport, storage and processing fell by \$49.2m (23%) from FY19 to FY20, due to a reduction in volume across the business resulting from reduced OEM supply, higher allocation rates and, to a lesser extent, depressed new car sales (see **Section 4**);
- Of the \$49.2m decline in top line revenue, storage revenue had a disproportionately large reduction of \$21.2 m (39%), compared to reductions of 14% and 26% for transporting and processing revenue respectively. Reductions in both the number of vehicles stored of 355k (53%) and the number of days vehicles were stored of 10.8k (53%) were the key drivers of this decline. This is a reflection not only attributable to the reduced OEM supply and lost customer contracts, but also underlying shifts in the dynamics of the industry. Further information regarding our analysis of storage utilisation is detailed in **Section 4**;

- The Company benefited from jobkeeper payments in FY20 totalling \$11.3m which is reflected in Other Staff Related Costs and Indirect Labour;
- The significant decline in storage revenue was largely matched by a proportional reduction in the majority of direct expenses, with the exception of Property and Electricity; and
- Over the same period, Property and Electricity expenses only declined by c8% compared to the c30% reduction in revenue.

The above reinforces the analysis contained in **Section 4**, whereby the issues the Company has experienced from a day to day trading perspective have been:

- Historical mispricing of contracts, due to the competitive landscape;
- A loss of top line revenue, driven in part by lost contracts and in part by a fundamental shift in the dynamics of the industry; and
- Coupled with an inability to either:
 - reduce the cost base in line with the loss of revenue, primarily due to the long-term fixed nature of the underlying property leases (particularly those on wharf); or
 - pass the overall costs onto the customer.

6. Strategy and financial position

6.1. Actions and strategy to date

6.1.1. Summary of actions and strategy

The Administrators' strategy has consisted of the following:

Table 8: Strategy and Approach in the Administration

| 1. Control and Ongoing Operations in the Business | 2. Conduct a Sale Campaign | 3. Renegotiate Customer Contracts | 4. 'Right-size' the business and rationalise real-estate and workforce |
|---|--|---|--|
| <ul style="list-style-type: none"> Secure the assets and operations of the Company's business, and overlay appropriate risk protocols Continue to trade the Company on a 'business as usual' basis and minimise business disruption | <ul style="list-style-type: none"> Conduct a sale of business and/or recapitalisation process of the Company to enable it to be sold/transferred as a going concern Negotiate with interested parties and provide requisite information to inform their due diligence Review and negotiate the terms of a DOCA proposal to recapitalise the Company | <ul style="list-style-type: none"> Extensive negotiations with existing customers to vary contracts to create a sustainable platform for the business going forward Negotiating and implementing customer transition plans Key focus on maintaining profitability of the Company to ensure ongoing trade | <ul style="list-style-type: none"> Necessary rationalisation resulting from changed customer demand and operations from an 'on-wharf' to an 'off-wharf' model Extensive negotiations with landlords regarding exit and transitions Implementing and monitoring the transition to off-wharf facilities Extensive employee engagement and communications during the workforce rationalisation strategy |

Our other key actions to date have involved:

- Attending all primary operational sites to meet with employees and management, and communicate our strategy and processes in the Administration;
- Engaging with customers, suppliers, employees and other stakeholders regarding trading issues;
- Obtaining Court approvals for the extension of the convening period to allow additional time to appropriately restructure the business as well as obtaining Court approval for a funding agreement with LCCG to be used in the event of a cash shortfall from operations;
- Securing the ongoing corporate and overhead services with LCCG via a Corporate Services Agreement ('CSA'), and establishing a practical framework to manage the financial reporting and accounting requirements of the Administration;
- Assessing and negotiating a DOCA proposal with the DOCA Proponent; and
- Preparing this report pursuant to Section 75-225 of the *Insolvency Practice Rules (Corporations) 2016*.

Further details of our actions to date are provided in the following sections.

6.2. Trading Update – Autocare Services

Upon appointment, the Administrators secured control of the Company's assets and operations by attending the majority of operational sites and meetings with management and staff. These initial meetings provided the opportunity for the Administrators to communicate the engagement strategy and inform the business of revised control and trading processes for the Voluntary Administration. The Administrators have continued to provide regular updates to the Company's employees through newsletters, 'town hall' meetings and pre-recorded video updates.

While the Company is operationally independent from the broader LCCG, a significant portion of the corporate overhead function is provided by LCCG which provides accounting, payroll, tax and other corporate services. The Administrators attended LCCG's North Sydney office to commence the process of isolating these critical services, as well as negotiating for their continued access through a formal CSA.

In addition to implementing the Administrators' approvals and other process into existing Company processes, the Administrators established detailed cash flow forecasting and reporting to ensure there was sufficient liquidity to enable ongoing trading, while a sale campaign and/or a recapitalisation process of the Company was undertaken, as well as the numerous restructuring activities, to progress.

6.2.1. Key Operational Tasks

Since the appointment, the Administrators have undertaken the following key operational tasks:

General and statutory

- Notified the required statutory authorities including ASIC, ATO, workers' compensation schemes, and state revenue authorities, as well as specific authorities including Australian Border Force and the Attorney General's Department in relation to the Fair Entitlements Guarantee Scheme ('FEG');
- Attended head office and other operational sites, taking control of all assets, services and data of the Company;
- Conducted process walk-throughs for the ERP systems maintained by the Company including Oracle, AS400, Maximo and Hyperion, and amended the embedded DOA processes within these ERP systems to enable enhanced Administrator control, oversight and reporting;
- Reviewed internal management controls to understand the approval processes and implemented an additional layer of Administrators' controls, including review and approval measures to ensure receipts and payments were managed and recorded appropriately; and
- Prepared and maintained weekly cash flow forecasts as well as, providing weekly reporting packs to LCCG in accordance with the terms of the Funding Agreement.

Employees and Payroll

- Liaised with payroll staff regarding the employee entitlements position and awards of the Company and ongoing payroll requirements;
- Established a new payroll environment for the Company's employees which involved the Company's payroll system being decoupled from LCCG's wider payroll system;
- Reviewed and processed weekly and monthly payroll for the Company and attended to various payroll matters as they arose including salary sacrifice, express pays, back pay issues, workers compensation, child support, legacy superannuation and other ad hoc issues;

- Complied with statutory requirements in relation to PAYG, payroll tax and SGC, as well as single touch payroll reporting;
- Advised the Attorney General's Department of our appointment and our decision to continue trading.
- Various employee updates and release of communications during the Voluntary Administration;
- Employee consultation processes regarding workforce rationalisation;
- Correspond with the TWU and the AMWU on various employee matters including the workforce rationalisation program and the administration generally;
- Reviewed and calculated employee redundancy figures and made payment of the same.

Landlords and Lessors

- Provided initial advice of our appointment and attended to payment of liabilities associated with our period of occupation;
- Engaged with various landlords to renegotiate existing lease agreements and entered agreements with respect to same;
- Evaluated the ongoing requirements of existing property arrangements, and where required, issued notices under Section 443B of the *Corporations Act*;
- Managed and oversaw the property transitions process from on-wharf to off-wharf locations; and
- Secured the assignment of certain leases to new counterparties.

Customers

- Actively engaged with key customers to notify them of our appointment, to confirm the Company would continue on a 'business as usual' basis and respond to any queries or concerns to mitigate business disruption;
- Identified and continued to work with the key "go-forward" customers for the Company.
- Renegotiated terms with key customers regarding existing contractual agreements; and
- Managed the transition of exiting customers.

Suppliers and service providers

- Frequent correspondence with suppliers and service providers regarding continuation of supply and service;
- Assessed and amended agreements with suppliers and service providers where necessary to ensure ongoing trade; and
- Negotiated lien and security interest claims by suppliers.

6.2.2. Funding arrangements

The Company was initially forecast to potentially be cash flow negative over the course of the Voluntary Administration. In addition, the voluntary administration strategy involved a significant level of restructuring activities across customers, properties and employees (discussed in further detail in **Section 6.4**).

These restructuring activities required the Administrators to seek and obtain Court approval to extend the VA period and resulted in additional non-operational restructuring costs being incurred including

redundancies associated with workforce rationalisation and property transition expenses. These costs are primarily one-off in nature and are anticipated to provide enhanced financial benefits to the Company in the future.

In order to provide increased certainty to effect the proposed restructuring initiatives, the Administrators secured a funding agreement with LCCG ('the Funding Agreement') based on:

- Increased operational risk with extending the VA period;
- A forecast reduction in cash from operations due to forecast trading losses forecast anticipated to be incurred prior to the implementation of the restructuring initiatives referred to above;
- The decision to cash fund employee redundancies at the time of termination;
- The incurrence of property transition costs with respect to the move "off wharf" and to new sites; and
- Additional risks and costs associated with the implementation of the proposed restructure.

Approval for the entry into the Funding Agreement was granted by the Federal Court of Australia on 26 February 2021 and was subsequently executed by the parties on 10 March 2021. The Funding Agreement provided, inter alia, facilities to support working capital, capital expenditure and employee entitlements during the Administration in the event that a cash shortfall was either imminent or had occurred. The obligation of LCCG to provide funding would follow a formal drawdown request from the Administrators, and was subject to the satisfaction of a number of conditions.

At the date of this report, no drawdown request has been lodged by the Administrators due to careful cashflow management throughout the period.

In accordance with the Funding Agreement and in their capacity as secured creditor of the Company, the Administrators also provided a weekly reporting pack to LCCG.

6.2.3. Receipts and Payments

The cash receipts and payments for the Company during the Administration period from 4 February 2021 to 4 June 2021 is below:

| Table 9: Autocare Services Pty Ltd (Administrators Appointed) | |
|--|---------------------|
| Receipts and Payments Summary | |
| For the Period 4 February 2021 to 4 June 2021 | |
| Description | Total |
| Trading Receipts | |
| Customer Receipts | 47,780,018 |
| Other Receipts | 285,977 |
| Total Trading Receipts | 48,065,994 |
| Trading Payments | |
| Employee Costs | (14,141,905) |
| Rent and Utilities | (13,565,212) |
| Subcontractors | (9,751,077) |
| Motor Vehicle Expenses | (9,660,435) |
| Other Direct Costs | (4,572,350) |
| Insurance | (751,726) |
| Freight & Shipping | (662,286) |
| Total Trading Payments | (53,104,991) |
| Net Trading Receipts (Payments) | (5,038,996) |
| Non-Trading Receipts | |
| Pre-appointment Debtor Recoveries | 17,397,088 |
| Cash at Appointment | 12,594,082 |
| Asset Realisations | 3,850,000 |
| Total Non-Trading Receipts | 33,841,171 |
| Non-Trading Payments | |
| Pre-Appointment Employee Entitlements | (3,857,575) |
| Restructuring Costs | (710,795) |
| Subcontractors | (605,669) |
| Sale Campaign | (24,249) |
| Total Non-Trading Payments | (5,198,287) |
| Net Non-Trading Receipts (Payments) | 28,642,884 |
| Net Receipts (Payments) | 23,603,887 |

We note that the receipts and payments have been prepared on a cash basis. Other receipts include trade refunds, GST refunds and insurance amounts received.

6.3. Sale of Business Campaign

Following our appointment, the Administrators commenced a campaign for the sale and/or recapitalisation of the Company's business:

- Advertisements were placed in both the Australian Financial Review and The Australian newspapers on 10 February 2021 and 17 February 2021.
- These advertisements resulted in 19 expressions of interest from financial buyers and trade participants from both Australia and abroad. A business overview with high level financials and

metrics were provided to these parties, after which an information memorandum was provided following the execution and return of a non-disclosure agreement.

- The Administrators then actively engaged with these parties with the objective of securing binding offers for the business by 15 April 2021.

A summary of the milestone outcomes of this process is provided in the table below:

| Table 10: Sale of Business Outcomes | |
|---|---------------|
| Item | Number |
| Potential Interested Parties | 19 |
| Investment Flyers Sent | 13 |
| Non-Disclosure Agreements Signed and Information Memorandums provided | 6 |
| Indicative Offers Received | 3 |

As is illustrated above, while 19 parties expressed initial interest and 6 parties received a detailed Information Memorandum, a number of parties withdrew their interest upon receiving the initial investment flyer based on a number of issues including:

- The decline in new car sales in the years prior to our appointment and the resultant impact on sales volume for the Company;
- Uncertainty around customer contracts that were due to expire in the short term;
- The high degree of fixed cost in the business, particularly in relation to property and employees;
- The highly concentrated competitive landscape; and
- The requirement for ACCC approval for trade buyers and potential FIRB approval for foreign buyers added uncertain prospects of success. These approvals would likely protract the sale process well beyond the VA period, adding further risk and costs.

Three offers were ultimately submitted by interested parties and were reviewed and analysed by the Administrators. Following this, the offers were presented to LCCG for consideration, on the basis that a release of LCCG's security would be required in order to facilitate a transaction. LCCG was not prepared to release its security on the basis of the Indicative Offers provided and consequently, the Administrators concluded the sale process in mid-March.

6.4. Restructuring of the business

As noted in **Section 5**, the Company was loss-making and cash flow negative at appointment. The Voluntary Administration process provided the opportunity to restructure the business and return it to profitability. Following the stabilisation of core operations, the Administrators commenced a process working alongside Management to restructure the Company, with a view to making the business sustainable in the long term by aligning its revenue and cost bases.

The primary strategies consisted of the following:

1. Renegotiate customer contracts to align revenue with cost, provide tenure and appropriate risk sharing;
2. Rationalise the real-estate portfolio and move to an 'off-wharf' model; and
3. Align the workforce to the restructured customer and property base.

6.4.1. Customer Negotiations

At the time of appointment, the Company provided services to a number of customers through various Vehicle Service Arrangements (“VSAs”), with the current status of the VSA’s as follows:

Table 11: Autocare Customers

| Customer | Vehicles | Current status |
|--|----------------------|------------------------------------|
| Toyota Motor Corporation (Australia) (“TMCA”) | Toyota | Continue |
| Mitsubishi Motors Australia Limited (“MMAL”) | Mitsubishi | Continue |
| Haval Motors Australia Pty Ltd (“HMA”) | Haval and Great Wall | Continue |
| Izuzu Australia Limited (“Isuzu Australia”) | Isuzu | Continue |
| PCA Australia Pty Ltd (“PCA”) | Porsche | Under negotiation |
| Hyundai Glovis Australia (“GOA”) | Hyundai | GOA terminated on 16 February 2021 |
| | Kia | GOA terminated on 23 March 2021 |
| Honda Australia Pty Ltd (“Honda Australia”) | Honda | Terminated prior to appointment |
| Mercedes-Benz Vans Australia Pacific Pty Ltd (“MBV”) | Mercedes | Terminated prior to appointment |

Go-forward customers

To provide a platform to enable the Company to become sustainable over the long term, negotiations were held with Customers to amend existing contracts through Deeds of Variation to the existing VSAs. These negotiations have resulted in Deeds of Variations being secured with Toyota, Mitsubishi, Isuzu, and Haval / Great Wall, while negotiations are ongoing with Porsche.

The outcomes of these negotiations including the specific revised terms are not disclosed in this report due to their commercially sensitive nature.

Exiting customers

All exiting customers have been transitioned out of the business and all financial matters (including confirmation of exit transition rates and collection of all debtors) have been resolved during the Administration.

6.4.2. Rationalisation of real estate

The Administrators assessed the ongoing property requirements of the Company following the execution of revised customer contracts and subsequently sought to rationalise the property portfolio and implement the applicable changes in operations (moving from an ‘on-wharf’ model to primarily an ‘off-wharf’ model). The Administrators implemented the rationalisation strategy in two ways:

1. A reduction of the overall footprint due to capacity and structural changes; and
2. A shift from the more expensive on-wharf sites to the less expensive off-wharf locations.

This has been achieved via a reduction in the footprint of certain sites, while other sites have been exited altogether. In summary, of the initial property portfolio of 23 sites:

- 9 sites across the country have been exited, with a further 2 to be exited in the short to medium term; and
- New terms have been negotiated with certain existing landlords.

The above has led to a material reduction in direct property costs of over 60%.

6.4.3. Rationalisation of work force

As detailed above, the Company has a lower number of customer contracts going forward, which in turn has led to a reduction in the required workforce to service those customers. This has resulted in a workforce rationalisation program conducted in accordance with the various Enterprise Agreements, the relevant employment contracts and the CCCD in NSW. Through the course of the administration:

- 91 employees have been made redundant, through a mix of voluntary and involuntary redundancies; and
- 8 transport subcontractors in NSW were made redundant.

These redundancies have been made across both the “blue collar” and “white collar” elements of the workforce, involved consultation with the relevant unions as required and has resulted in a material reduction in the overall labour cost in the business.

6.5. Smith Channon & Co - Trading Update

6.5.1. Overview

Smith Channon is an international freight forwarding and customs brokerage firm that was acquired by Autocare in 2014 to push cross-selling synergies between the two firms’ customers. Whilst Smith Channon provides some limited services to the Company, it is largely independent, with its own customer base serviced by 18 staff. Smith Channon is incorporated into the Company as a consequence of licencing requirements associated with its core business.

The Administrators obtained control of the Smith Channon division upon appointment and have continued to monitor the operations of Smith Channon. Our investigations concluded that Smith Channon is net cash flow positive and profitable with minimal scope or requirement for substantive restructuring. Accordingly, our strategy has been to avoid any material disruption to the day to day operations of Smith Channon.

6.5.2. Summary of actions and strategy

Since our appointment, the Administrators have undertaken the following key operational tasks:

- Attended principal place of business.
- Reviewed, processed and approved invoices for continued operations.
- Confirmed the status of receivables due and payable to the Company.
- Liaised with Smith Channon on an ongoing basis to verify and reconcile outstanding debtor balances.
- Provided ongoing communications with key customers where required.
- Liaised with key customers regarding payment of outstanding amounts.
- Issued initial correspondence to suppliers and service providers regarding continuation of supply and services.
- Negotiated amended agreements with suppliers and service providers where necessary.
- Negotiated lien and security interest claims by suppliers.

6.6. Company’s financial position at appointment

6.6.1. Report on Company Activities and Property Part A by the directors

Immediately after our appointment, we requested that the directors of the Company provide a statement about the Company’s business, property, affairs and financial circumstances in the form of a ROCAP Part A.

We received a ROCAP Part A completed by the Company’s director on 25 February 2021.

6.6.2. Summary of the ROCAP Part A and Administrators' ERV as at 4 February 2021

Table 12: Director's ROCAP

| | Note | Director's ROCAP ERV | Administrators' High ERV | Administrators' Low ERV |
|---------------------------|------|-------------------------|-----------------------------|----------------------------|
| Assets | | | | |
| Cash and Cash Equivalents | 1 | 12,819,615 | 12,594,082 | 12,594,082 |
| Trade Debtors | 2 | 19,154,468 | 17,397,500 | 17,397,500 |
| Plant & Equipment | 3 | 6,053,502 | 2,246,590 | 807,885 |
| Motor Vehicles | 4 | 15,802,381 | 20,671,400 | 13,099,700 |
| Real Property | 5 | 36,375,992 | 15,780,000 | 15,780,000 |
| Tax Loss Loan Receivable | 6 | 18,585,073 | - | - |
| Other Assets | 7 | 2,902,671 | 139,906 | 139,906 |
| Total Assets | | 111,693,702 | 68,829,479 | 59,819,074 |
| Liabilities | | | | |
| Secured Creditors | 8 | 116,342,749 | 116,125,649 | 116,125,649 |
| Employee Entitlements | 9 | 21,418,747 | 4,599,745 | 17,855,939 |
| Trade Creditors | 10 | 17,877,665 | 51,636,129 | 53,167,991 |
| Statutory Liabilities | 11 | 2,628,991 | 384,805 | 384,805 |
| Total Liabilities | | 158,268,152 | 172,746,329 | 187,534,385 |
| Net Assets | | (46,574,451) | (103,916,850) | (127,715,311) |

Note 1 – Cash at Bank:

Upon the appointment of the Administrators, correspondence was issued to all major banking institutions notifying them of our appointment and to confirm all bank accounts held by the Company.

The following accounts were identified held with ANZ:

Table 13: Cash at Bank upon Appointment

| Account Name | Total |
|---|-------------------|
| Pre-Appointment Cash at Bank: Autocare | 11,676,757 |
| Pre-Appointment Cash at Bank: Smith Channon | 917,325 |
| Total | 12,594,082 |

Note 2 – Trade Debtors

The Director's ROCAP stated there was a balance of \$19.2m in trade debtors.

As at 9 June 2021, the Administrators have collected \$17.4m of pre-appointment debtors and have included this amount as the estimated realisable value.

Note 3 and 4 – Plant & Equipment and Motor Vehicles

Slattery Asset Advisory were engaged to conduct a valuation of the Company's assets. This valuation was conducted both on physical sighting of assets as well as with reference to the asset listing of the Company. On 4 March 2021, the Administrators received the asset valuation with a market value of \$22,917,990 and an auction realisable value of \$13,907,585.

We have separated the motor vehicles (being the prime movers and trailers) from the remaining plant and equipment and included the corresponding MV and ARV to the Administrators High ERV and Low ERV respectively. The Administrators High and Low ERV above does not include estimated costs of realisation. Please see **Section 9** in relation to estimated net realisable value.

| Asset | Market Value | Estimated Realisable Value |
|-------------------|---------------------|-----------------------------------|
| Plant & Equipment | 2,246,590 | 807,885 |
| Mobile Fleet | 20,671,400 | 13,099,700 |
| Total | 22,917,990 | 13,907,585 |

Note 5 – Real Property

The figure provided by the Director in the ROCAP includes freehold properties and leasehold improvements, while the Administrators ERV is an estimate of the value of Freehold property only.

Note 6 – Tax Loss Loan Receivable

The Director provided for a receivable in relation to a tax loss loan to BAPSH Pty Ltd, being the ultimate head company of the tax consolidated group as part of a tax sharing arrangement.

Our investigations into this account confirm that this asset relates to a deferred tax asset that was transferred to BAPSH Pty Ltd and recorded in the Company's accounts as a tax loss loan receivable. From the perspective of the Company on a stand alone basis, we consider that it is unlikely there will be a recovery of this receivable as it is an accounting entry which only benefits the tax consolidated group and is not available for the benefit of creditors.

Note 7 – Other Assets

The Director's ROCAP discloses other assets comprises of fuel stocks, consumables and various prepayments totalling \$2.9m.

The valuation received by the Administrators did not include fuel stocks and other consumables. Notwithstanding this, the Administrators continued to use these existing stocks for ongoing trade and have not included any of these estimates in the ERV. However, the Administrators have recovered pre-appointment refunds for workers compensation in the amount of \$139,906.

Note 8 – Secured Creditors

The Directors ROCAP is similar to the Proof of Debt received from LCCG on 12 February 2021.

Further detail around the security is discussed in **Section 7**.

Note 9 – Employee Entitlements

The Administrators' low ERV reflects a liquidation scenario whereby the employees would have to be paid out their redundancy pay (made up of severance and PILN).

The high ERV reflects a situation where employees are only paid out their leave entitlements.

Note 10 – Trade Creditors

The Administrators' ERVs have been taken from creditors outstanding at the date of appointment as well as the Proof of Debts received in the administration. We note that these amounts have not been adjudicated and are subject to change.

Note 11 – Statutory Liabilities

No proof of debt has been received by the ATO to date due to the Company being a part of a consolidated tax group.

6.6.3. Report on Company Activities and Property Part B by the directors

Immediately after appointment, we requested that the directors of the Company completed a questionnaire about Company's history, operations and books and records in the form of a ROCAP Part B.

We received a ROCAP Part B completed by the Director on 26 February 2021 and we have regard to this when conducting our investigations and completing this report.

6.6.4. Related party creditors and claims

In addition to information contained in the ROCAP Parts A and B, we reviewed the Company's records (trade creditor listings, financials statements and other available documentation and correspondence) and held discussions with Company staff to determine the existence and quantum of related party claims.

The following related party claims have been identified, and relate to four loan agreements entered between the Company and LCCG:

Table 15: Related Party Creditor Claims

| Related Party Creditor | Amount (\$) | Particulars of Debt |
|-------------------------------|--------------------|--|
| LINX Cargo Care Group Pty Ltd | 55,000,000 | Novated/assigned loans |
| LINX Cargo Care Group Pty Ltd | 20,130,256 | Interest on novated and assigned loans |
| LINX Cargo Care Group Pty Ltd | 40,995,393 | Working capital loan and interest |
| Total | 116,125,649 | |

For further information regarding the investigations we have undertaken with respect to the related party transactions that we have identified, please refer to **Section 7**.

7. Investigations, offences and voidable transactions

7.1. Overview – voidable transactions and insolvency

7.1.1. Duty to investigate

The law requires an administrator to investigate and specify whether there appear to be any voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

We have sought to ascertain whether the Company was insolvent at any point in time prior to our appointment as Administrators, to determine a reference point from which these provisions may apply.

7.1.2. Relevance of insolvency and liquidation

The ability to challenge voidable transactions and recover money/property for the benefit of creditors is contingent on two elements:

- The Company being placed into liquidation, and
- A liquidator being able to establish the various elements of the applicable voidable transaction claim, including proving to the satisfaction of the Court that the Company was insolvent at the time it entered any particular transaction, or that the Company became insolvent as a consequence of that transaction.

7.1.3. Work performed

We have made enquiries into the financial affairs of the Company. In this section, we set out our preliminary views and findings in relation to:

- Offences that may have been committed;
- The solvency position of the Company;
- Existence of voidable transactions (if any) – including unfair preferences/loans, uncommercial transactions, arrangements to avoid employee entitlements, and unreasonable director related transactions;
- Security interests that may be voidable; and
- Whether there is the prospect of any claim for insolvent trading.

Please note the investigations we have undertaken are only indicative of the actions that may be possible in the event of liquidation and provide no likelihood of success nor actual quantum of recoverability. Further investigations and analysis, assuming a liquidation, would be required before any actions were undertaken.

7.2. General information and considerations

7.2.1. Date of insolvency

To ascertain if there were any insolvent transactions entered into by a company, it is first necessary to determine the date a company may have become insolvent.

Proving the date a company became insolvent is an essential element in recovery actions with respect to unfair preferences, uncommercial transactions and insolvent trading.

Recovery actions require the liquidator to prove that the company was insolvent at the time of the transaction, or in the case of an insolvent trading action, when the debt was incurred.

7.2.2. What is insolvency?

Solvency is defined in Section 95A of the Act as when a company is able to pay all its debts as and when they become due and payable. A company that is not solvent is insolvent.

Whether a company is able to meet its debts as they become due is under Australian law primarily a “cash flow” test rather than a “balance sheet” test (although the company’s balance sheet position is still relevant in the assessment of solvency).

Consideration of the entire financial position of a company is required to establish if it is insolvent at a particular date. This includes factors such as the value of the company’s assets relative to its liabilities and the nature of those assets and liabilities. Also, the extent to which cash is expected to be generated from future trading activities, or available from alternative sources, such as debt/equity or guarantee is relevant to considering a company’s solvency position.

A detailed list of indicators of potential insolvency are in **Appendix 3**. ASIC’s view is that these are some of the factors that a reasonable person would consider when determining whether a company is insolvent. The list of factors is not intended to be exhaustive. There may be other factors that would indicate to a reasonable person that a company may be insolvent.

7.2.3. General and commercial considerations

Proving insolvency is often a complex exercise and usually involves considerable time and expense in thoroughly investigating all aspects of potential claims. Legal advice on the merits of a claim is also required and a relevant consideration a liquidator will consider.

Typically, insolvent trading claims and voidable transaction claims brought by a liquidator are defended and the defendant may seek to rely on statutory defences available to them.

Legal proceedings are required for liquidators to pursue claims. This adds to the time and cost involved in pursuing them. There is also inherent uncertainty involved with any litigation. As a result, commercial considerations are relevant, including whether the amount of the claim is large enough to pursue on a cost and risk/benefit basis.

The capacity of a party to pay any successful claim to a liquidator is also a relevant consideration in determining whether pursuing an action is likely to be in the best interest of creditors.

Liquidators may also not have funds available to pursue actions (especially where outcome is uncertain). At other times, the liquidator may view the risks/benefits of pursuing an action not to be in the interest of creditors (for example, in cases where pursuing an action would use up the available cash/assets instead of facilitating the payment of a dividend to creditors). In these circumstances, it is possible that a creditor or a

litigation lender may wish to fund an action to pursue an insolvent claim. This typically occurs only when there is a very strong case with a high prospect of success and strong resources of the defendant available to meet any judgement debt, including personal assets and/or proceeds of a D&O policy.

7.2.4. Creditors' information sheet and other explanations

Provided at **Appendix 4** is an information sheet to assist creditors in understanding potential offences under the Act, recoverable transactions and insolvent trading.

Creditors should read this information in conjunction with our comments in this section of the report.

7.2.5. Relevance of the comparison between liquidation versus DOCA

Voidable transactions and other actions that a liquidator can take are not available if the Company enters a DOCA.

As a result, creditors have to assess the advantages to them of voting in favour of a DOCA (and any benefits that may be available to them in this scenario), compared to the likely return in a liquidation (and any recoveries that may be available where a liquidator is appointed).

To help creditors, where a DOCA is proposed, the Estimated Return to Creditors section of this report will include the Administrators' comparison between the estimated outcomes in liquidation scenario and any DOCA, highlighting the differences in estimated recoveries and outcomes. There may also be timing differences into the realisation of assets and distribution of proceeds to creditors and these too are discussed as applicable.

7.3. Opinion about books and records

Section 286(1) of the Act requires a company to keep written financial records that correctly record and explain its transactions and financial position and performance and would enable true and fair financial statements to be prepared and audited.

In considering compliance with this section, since our appointment we have:

- reviewed various financial reports to help us understand the Company's asset and liability positions;
- reviewed various correspondence files and documents relevant to the Company's financial position and performance of the Company;
- undertaken investigations and review, incorporating financial records and data; and
- discussed with the Company's finance team, processes and record keeping practices with its Director and management.

We consider the books and records have been maintained in accordance with Section 286 of the Act.

7.4. Outstanding winding up applications

Based on searches performed at the time of our appointment, no winding up applications appear to have been lodged with a Court against the Company.

7.5. Insolvency

7.5.1. Summary of findings

We have conducted extensive investigations during the administration and provide our preliminary view below with respect to our position on the Company's solvency and any potential insolvent trading claim. Our key workings and other analysis are contained in **Appendix 3**.

From our investigations, we consider that the Company was likely insolvent on 28 January 2021, being the date that LCCG withdrew its ongoing support to the Company. Although there are indicators of insolvency prior to this date (as provided below and in **Appendix 3**), there was ongoing financial support available to the Company provided by LCCG.

We summarise the key findings from our investigations into the Company's solvency position as follows:

- The Company was loss-making from at least January 2017. We note several customer contracts were lost between FY16 and FY19 (refer **Section 5**).
- The Company had a net asset deficiency since at least FY19 and the Company's current ratio was below 1 since FY17. A current ratio below 1 indicates that the Company had difficulty meeting its short-term obligations.
- LCCG provided ongoing financial support to the Company pursuant to several loan agreements, including a working capital agreement pursuant to which a working capital line of credit was provided (with an uncapped limit, reviewed monthly). The Company received ongoing letters of support from LCCG with regards to the working capital facility, which allowed access to ongoing financial support to fund the operations of the Company.
- A review of the Company's records confirm that the Director was frequently monitoring the Company's cashflow in 2020.
- During December 2020 and January 2021, the Company sought external advice in respect of the likelihood of the Company sourcing external funding and the external advice ultimately concluded that it would be extremely difficult, if not impossible, to obtain.
- The Company's solvency was dependent on the ongoing financial support provided by LCCG. On 21 December 2020 LCCG provided the Company with a letter of support which indicated the financial support by LCCG would continue.
- At or around 28 January 2021, LCCG indicated to the Company that ongoing support under the Working Capital Agreement had been withdrawn.
- Trade creditors were predominately paid within terms until the financial support was withdrawn at or around 28 January 2021.
- Between 28 January 2021 and 3 February 2021, the Company still retained significant cash resources, enabling any immediate debts to be paid as required.
- At or around 3 February 2021, following the withdrawal of the letter of support on 28 January 2021, the Company's director formed the view that the Company would not be able to source alternate funding and the Company was likely to become insolvent at a future date.
- Subsequently, the Company appointed Administrators on 4 February 2021.

If the Company was wound up and a liquidator appointed, further work would be performed on the estimated date of insolvency.

7.5.2. Solvency review – indicators of insolvency

The table below summarises the indicia of solvency that were present following our review of the Company. Further details supporting this summary is in **Appendix 3**.

| Indicia of insolvency | | | | |
|--|------|------|------|------------|
| Indicator | FY18 | FY19 | FY20 | 4 Feb 2021 |
| Trading losses | ✓ | ✓ | ✓ | ✓ |
| Insufficient operating cash flow | ✗ | ✗ | ✓ | ✓ |
| Difficulties in selling stock or collecting debts | ✗ | ✗ | ✗ | ✗ |
| Creditors paid outside terms / special arrangements | ✗ | ✗ | ✗ | ✓ |
| Arrears of statutory liabilities | ✗ | ✗ | ✗ | ✗ |
| Cheques are being returned dishonoured / payments dishonoured | ✗ | ✗ | ✗ | ✗ |
| Legal action threatened or commenced | ✗ | ✗ | ✗ | ✗ |
| Inability to obtain new or alternative funding | ✗ | ✗ | ✓ | ✓ |
| Inability to produce accurate financial information | ✗ | ✗ | ✗ | ✗ |
| Resignation of directors or other senior management | ✗ | ✗ | ✓ | ✗ |
| Qualified audit opinion | ✗ | ✗ | ? | ? |
| The Company has defaulted, or is likely to default, on its agreements with its financier | ✗ | ✗ | ✓ | ✓ |
| Finance staff raise solvency concerns | ? | ? | ? | ✓ |
| Inability to sell surplus assets | ? | ? | ? | ? |
| Issuing post-dated cheques | ✗ | ✗ | ✗ | ✗ |

Key

| Item | Symbol |
|----------------------------------|--------|
| Indicator present | ✓ |
| Further investigation required | ? |
| Indicator not considered present | ✗ |

7.6. Liability for insolvent trading

7.6.1. Preliminary view on liability for insolvent trading

There is a positive statutory duty for directors to prevent a company from trading whilst insolvent. A director may breach Section 588G of the Act if they fail to prevent the company from incurring a debt when the company was insolvent or the company became insolvent by incurring that debt. The director may be ordered to pay an amount of compensation to the company if found to have contravened Section 588G of the Act in an amount equal to the amount of loss or damage suffered by creditors of the company.

We note that the calculation of the quantum of any insolvent trading claim (i.e. loss) is the sum of the incurred new debts from the date of insolvency and not the total debts owing to creditors as at the date of appointment. Further, certain debts are deemed to be incurred at the time of entering the relevant contract which provides the obligation for payment rather than when the obligation is due for payment e.g. debts arising under a lease agreement or those arising by virtue of a contract of employment. In most instances the entering into of these contracts' pre-dates any suggestion of insolvency and as a consequence are excluded for the definition of an incurred debt.

From our preliminary investigations, it appears a Liquidator (if appointed) may have avenues for a potential insolvent trading claim, for debts incurred between 28 January 2021 to 3 February 2021, albeit the claim would be immaterial having regard to the operational "run rate" during this 4 day period.

Upon review, we make the following comments in relation to any potential insolvent trading claim:

- We consider that any debts incurred were incurred in the ordinary course of the business; and
- Any debts incurred were incurred at a time when the option of alternate financing was being considered and it would have been impractical to "stop" the entire enterprise while this consideration was undertaken.

There are also several possible defences available to a director under Section 588H of the Act with respect to a claim for insolvent trading, including:

- The director had reasonable grounds to expect, and did expect, that the company was solvent and would remain solvent;
- The director;
 - had reasonable grounds to believe, and did believe, that a competent and reliable person was responsible for providing adequate information to the director about the company's solvency and that person was fulfilling that responsibility; and
 - expected, on the basis of that information, that the company was solvent and would remain solvent;
- The director, because of illness or for some other good reason, did not take part in the management of the company at the relevant time;
- The director took all reasonable steps to prevent the company from incurring the debts in question; and
- Safe harbour provisions (further details in **Section 7.6.2** below)

We note that it is likely that a director would vigorously defend any claim that was brought in relation to insolvent trading.

7.6.2. Safe harbour provisions

The safe harbour provisions in Section 588GA of the Act, provide a further defence for any insolvent trading liability in the event the Company goes into liquidation.

The safe harbour protection is available to directors who develop a course of action that will reasonably likely lead to a better outcome for the Company than an immediate voluntary administration or liquidation.

In addition to the better outcome test, for a director to rely on the safe harbour protections:

- The debts must have been incurred directly in conjunction with the course of action;
- The Company's superannuation payments must be up to date;
- The Company must meet its tax reporting obligations; and
- The Company's directors' must comply with their formal obligations once the Company enters voluntary administration, which include assisting the external administrator, submitting a ROCAP and delivering Company books and records.

From our investigations, we have identified that the Director sought safe harbour advice from an external advisor during 2020 and received the relevant reports in December 2020. We have not been provided with any safe harbour report nor have we conducted an investigation into whether all aspects of the legislative safe harbour test were met. However, given the Director sought the safe harbour protection, it is anticipated that the Director would strongly defend any potential insolvent trading claims by, at the very least, relying on this defence. Ultimately, the question of the availability of defences would need to be decided on the available evidence that could be presented to the Court.

7.6.3. Coronavirus safe harbour provisions

In addition to the standard safe harbour provisions, on 24 March 2020, Section 588GAAA of the Act was introduced granting temporary relief for directors from potential personal liability for insolvent trading.

Section 588GAAA was a new temporary 'safe harbour' provision for directors and provides specific relief in relation to the impact of COVID-19. This section allowed directors to incur debt without contravening the insolvent trading provisions of the Act, namely Section 588G, even where there were grounds to suspect insolvency, where the debt was incurred:

- in the ordinary course of the company's business;
- during the period commencing from 25 March 2020 to 31 December 2020; and
- before any appointment of an administrator or liquidator during the temporary safe harbour application period.

Any debts incurred during this time are also not eligible to be considered in the context of an insolvent trading claim. Again, given our conclusion around the date of insolvency, this specific defence would likely not be applicable.

7.6.4. Directors' capacity to pay claims by a liquidator

We have requested, but not yet received, a statement of the Director's personal asset and liability position.

However, we note the following:

- An ASIC Personal Current and Historical Extract, disclosed no shareholdings;
- A property search performed in the name of the Director indicated the Director does not own real property;
- We have been unable to perform a motor vehicle search in the name of the Director, due to privacy constraints; and
- The Director is not shown as bankrupt on ASIC's database.

We understand the Director may hold a Director and Officer liability ("D&O") policy, however at the date of this report we have not reviewed a copy of same. Accordingly, we are unable to definitively comment at this time as to whether any D&O insurance policies would potentially respond to a claim for insolvent trading.

Further investigations into whether a D&O policy exists and the Director's ability to pay an insolvent trading claim would be conducted in the event the Company was placed into liquidation and a claim worth pursuing was identified.

7.6.5. Conclusion

In conclusion, our preliminary view is there would be no commercial benefit to creditors in pursuing an insolvent trading claim having regard to the superior outcome of the Proposed DOCA, the likely immateriality of any claim, the cost benefit of commencing and seeing out litigation and the likelihood that any claim would be vigorously defended. If the Company was wound up and a liquidator appointed, further work would be performed on the solvency position of the Company and any potential claim of insolvent trading.

7.7. Voidable transactions

We set out below our preliminary findings in relation to potential recoveries from voidable transactions in a liquidation scenario, including our view on the likelihood of there being substantiated and supportable claims. Where applicable, we have included our estimate of possible recoveries along with any other pertinent information.

Pursuant to Section 588FE of the Act, a transaction may be a voidable transaction if, relevantly:

- It is an unfair preference given by the company or an uncommercial transaction of the company (see **Appendix 3**);
- The transaction was entered into when the company was insolvent (see **Appendix 3**); and
- In relation to related party transactions, it was entered into during the 4 years ending on the appointment of the administrators.

Our preliminary investigations did not identify any preferential payments to ordinary trade creditors. However, we identified a potential voidable transaction with respect to various arrangements with LCCG (discussed in **Section 7.7.1** below).

We have conducted investigations of critical information including security documentation, correspondence between the Company and LCCG, board minutes and bank statements. For our preliminary comments and

general information explaining our assessment of voidable transactions, including a list of potential applicable offences, please refer to **Appendix 3** and **4**.

7.7.1. Potential Voidable Transaction – LCCG

Our preliminary investigations have identified that certain arrangements entered into by the Company with LCCG in or around 23 December 2020 (“**December Transaction**”) would potentially be considered voidable against a liquidator. LCCG is a related party of the Company and the December Transaction occurred within 4 years of the appointment of the administrators.

One of the key drivers of this transaction was to release the Company from its obligations as a guarantor and security provider under a syndicated facility agreement (**SFA**) between LCCG and ANZ. In addition, LCCG assumed the principal cash backing for bank guarantees and letters of credit issued under the SFA on behalf of the Company. The Company’s potential liability under the SFA as a guarantor was c. \$200m, which we understand would become immediately payable on demand if the Company entered administration (by reason of an event of default under the SFA).

As outlined in **Section 7.5.1** above, around this time, the Director was monitoring the ongoing financial position of the Company, including assessing whether alternate external funding could be obtained. It appears that at this time, the future direction and strategy for the Company was being actively considered by the Director.

In consideration for the release of the Company from the SFA, LCCG requested that the Company enter a series of arrangements with LCCG. LCCG required the Company to:

- Indemnify it for any demands made under the bank guarantees and letters of credit, pursuant to a deed of obligation and indemnity (“the Indemnity”);
- Grant security over all assets of the Company in respect of the Indemnity and to further secure an already secured working capital agreement (“December GSD”); and
- Grant specific security over certain assets of the Company to secure the Indemnity and to secure loan agreements totalling \$55 million which were previously unsecured (“December SSD”).

Our preliminary view is there are two potentially voidable claims arising out of the December Transaction:

- An unfair preference claim in relation to unsecured amounts that were subsequently secured due to the arrangement; and
- An uncommercial transaction in relation to the December Transaction in its entirety.

We have also identified that the circulating security interest created as part of the December Transaction may be voidable as against a liquidator, as it was granted within 6 months of the date of appointment of the Administrator.

We again highlight that the claims are only available to a liquidator and not in circumstances where a Deed of Company Arrangement is approved by Creditors.

Solvency

As a threshold issue, for the December Transaction to constitute a voidable transaction, a liquidator is required to prove the company was insolvent at the time of the transaction, or likely to become insolvent from the transaction. Our preliminary view is that the Company was insolvent, as discussed in **Section 7.2.1** and set out in more detail at **Appendix 3**, on 28 January 2021. In particular, the Director received

correspondence from LCCG confirming the provision of ongoing support under the working capital facility around the time of the December transaction.

As a result, we consider that in the first instance, there would be significant difficulty in proving a voidable transaction in relation to the December Transaction, as the Company was arguably solvent at the time of the transaction.

Notwithstanding this threshold issue, we have undertaken additional investigations into this transaction to ascertain whether there may be a transaction worth pursuing by a liquidator.

Unfair Preference

A transaction is an unfair preference if the transaction results in the creditor receiving from the company, in respect of an unsecured debt, more than the creditor would receive from the company in respect of the debt if the transaction were set aside and the creditor were to prove for the debt in a Liquidation scenario.

As set out above, the December Transaction resulted in the Company granting a security interest to LCCG in respect of previous unsecured debts. This arguably conferred an additional benefit on LCCG whereby LCCG received the benefit of security (and therefore priority) rather than claiming as an unsecured creditor. However, we have considered whether LCCG would receive more from the Company because of the granting of security in relation to the previously unsecured loan. Our preliminary investigations have identified that the value of the Company's assets are less than that owing under the already secured agreements and therefore LCCG would not receive more from the Company in respect of the debt as a consequence of holding the additional security and therefore, it would be difficult to claim any loss on behalf of unsecured creditors.

Uncommercial transaction

A transaction of a company is an uncommercial transaction of the company if, and only if, it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction, having regard to the benefits and detriments to the company in entering into the transaction.

In considering whether the December Transaction was uncommercial, we have assessed the benefits, detriments, and other relevant matters to the Company of entering the December transaction in its entirety. Our comments are as follows:

| Benefit | Detriments | Other Relevant Matters |
|--|---|---|
| <ul style="list-style-type: none"> ■ The Company was no longer directly liable for various bank guarantees and letters of credit provided to landlords of the Company. Instead, the principal obligation was with LCCG. | <ul style="list-style-type: none"> ■ The Company indemnified LCCG for assuming the obligations under the bank guarantees and letters of credit and therefore continued to be indirectly liable for same. | <ul style="list-style-type: none"> ■ If the Company was not released as guarantor and security provider from the SFA, and ANZ called an event of default under the SFA by reason of the appointment of the Administrators to the Company, LCCG may not have been in a position to provide ongoing funding to the Company during the administration period. |

| Benefit | Detriments | Other Relevant Matters |
|--|---|------------------------|
| <ul style="list-style-type: none"> ■ The Company's contingent exposure to ANZ was reduced as it was no longer a guarantor or security provider under the SFA by reason of the December Transaction. | <ul style="list-style-type: none"> ■ The Company granted additional security to LCCG for a previously unsecured debt for amounts totalling approximately \$55 million. | |
| <ul style="list-style-type: none"> ■ ANZ's registered ALL-PAAP security interest over the Company was released. | | |

Following our investigations and with reference to the comments above, we consider that the benefits to the Company likely outweighs (or is on par with) the detriment to the Company from entering into these additional arrangements. In essence, the Company's overall contingent liabilities reduced, offset by the granting of additional security. In relation to the additional security however, we note our earlier comments that the assets of the Company are worth less than the existing security and hence the "value" allocated by the granting of additional security could be considered to be nil. Accordingly, we consider it would be difficult to prove that the December Transaction was uncommercial and there was any loss to the Company as a consequence.

Voidable circulating security interest

If a company is wound up in insolvency and the company created a circulating security interest in property of the company during the 6 months ending on the relation-back day, then the circulating security interest may be void as against the company's liquidator (noting that there are a number of exceptions).

Our preliminary view is that the security granted by the Company in the December Transaction may be voidable insofar as the security was granted over circulating assets within the 6-month period, although the utility of a Liquidator's claim would be limited by:

- The December SSD being a security interest that is substantially in respect of fixed assets and thus the circulating aspect of the security interest is not relevant;
- The December GSD securing assets that were already encumbered by an earlier loan security deed and thus a security interest was not created; and
- The December GSD and December SSD securing the indemnity because it appears to fall under one of the exceptions outlined in the legislation.

For the above reasons, we consider there is limited merit for a liquidator to attempt to set aside the circulating security interest created as part of the December transaction.

Potential Impact in Liquidation

Notwithstanding the analysis above, if a liquidator is satisfied that the Company was insolvent at the time of the December Transaction and that the December Transaction constitutes a voidable transaction, a liquidator would also need to consider the commercial benefit in commencing proceedings against LCCG. Such considerations would include:

- As outlined above, approximately \$61m of debt owing by the Company to LCCG was already secured prior to the December Transaction. The estimated realisable assets of the Company are substantially less than that amount. As a result, even if the December Transaction is voided, if the assets of the Company were to be realised, the proceeds would all flow to LCCG in any event as the sole and first ranking secured creditor. There would therefore be no financial benefit to unsecured creditors in setting aside the transaction.
- The \$55m which was previously unsecured and later secured by the December Transaction would remain a debt owed by the Company to LCCG, even if the December Transaction was voided. This means that LCCG would be entitled to prove the unsecured portion as an ordinary unsecured creditor in the liquidation of the Company. This would increase the unsecured creditor pool by \$55m and consequently would see LCCG receive the majority of any distribution to unsecured creditors.

Conclusion

We consider that, at first glance, there may be voidable transactions in a liquidation scenario in relation to the December Transaction worth further investigation. However, our preliminary view is that the Company was solvent at the time of the December Transaction and therefore, as a threshold issue, it is unlikely any claim would be successful. In addition, and even more importantly, there would be little to no benefit to creditors in pursuing a claim in relation to the December Transaction as there would be no amount that would flow to unsecured creditors due to the existing \$61m of secured debt being greater than the net estimated asset realisations. Should creditors have any information that would assist us with our investigations in relation to the December Transaction, or any other transactions, please contact us.

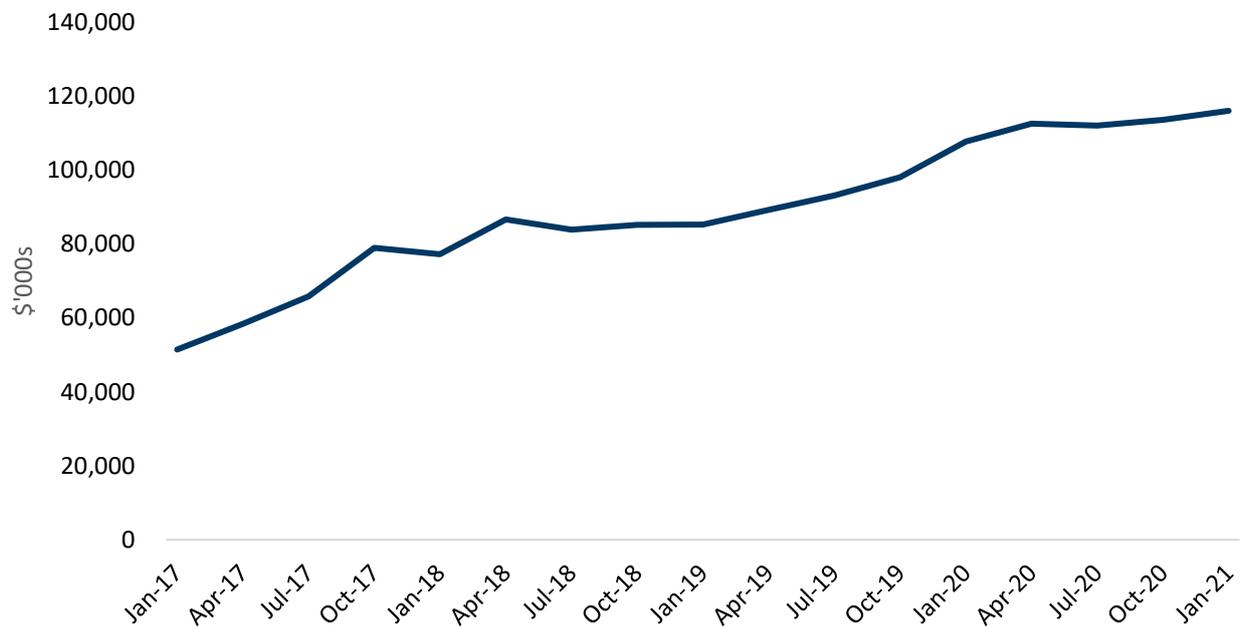
7.8. Related Entity Transactions

- Our investigations note that the shareholders provided the following funding support:

Table 16: Related Party Funding

| Date | Lender | Drawn Amount (\$'000) | Interest Rate | Comments |
|-----------------|--------|-----------------------|---------------|--|
| 30 October 2015 | LCCG | 11,000 | BBSY + 1.6% | Loan agreement was assigned to LCCG from NYK on 23 April 2019. |
| 30 October 2015 | LCCG | 44,000 | BBSY + 1.6% | Loan agreement was assigned to LCCG from Asciano Finance Limited on 8 August 2016. |
| 15 October 2018 | LCCG | 61,125 | | Uncapped, reviewed monthly, repayment date 31 May 2022 |

- We have reviewed the relevant general ledger accounts in relation to these shareholder loans and the working capital facility. Our preliminary review has not located any large or unusual sums paid to these associated entities, but rather, balances have increased over the period by c\$64.6m as indicated in the Chart 5 below.

Chart 5: Total Related Party Loan Balances

Source: Autocare management accounts

Should liquidators be appointed, further investigations would be undertaken in relation to the shareholder loan accounts and working capital facility.

8. Proposal for a deed of company arrangement

8.1. What is a DOCA?

A DOCA is a formal agreement between a company, its creditors and the proponents of the DOCA.

The proponents are interested parties who wish the creditors to consider their proposal – usually involving a compromise of creditors' claims as opposed to either winding up the company (liquidation) or returning the company to its directors on the basis it is solvent.

A DOCA may involve:

- Maximising the chance of the company continuing in existence; and/or
- Result in a better return for the company's creditors than in a winding up.

8.2. Proposal for a DOCA

A proposal for a DOCA has been received from the shareholder and secured creditor of the Company, LCCG.

A copy of the proposal is attached at **Appendix 7**. Creditors should read the proposal and ask any questions of the Administrators before the meeting if they have any specific queries that are not addressed in this report.

To assist creditors, we have highlighted the key features and provided our comments on the operational aspects of the DOCA proposal, based on our understanding of the intention of the DOCA and its effects.

8.3. Key features of the proposal

8.3.1. DOCA Overview

The LCCG proposal provides for the following:

- The continued operation of the business as a going concern, originally under the stewardship of the Deed Administrators during the DOCA period;
- Employee entitlements which are due and payable by the Company through the DOCA period will be paid in full;
- Current employment arrangements and employee entitlements will be preserved in full;
- A cash contribution to a Creditors' Trust Fund of \$1,656,000, which would not otherwise be available in a liquidation, to be utilised to pay creditors, split across different pools as follows;
 - Pool A – Strategic transport creditors – up to 47 cents in the dollar
 - Pool B – General Unsecured Creditors – up to 5 cents in the dollar
 - Pool C – Admitted Lease Creditors – up to 0.5 cents in the dollar
- LCCG will not lodge a proof of debt nor seek a distribution from the Deed Fund in respect of its outstanding debts;
- A Creditors Trust will be established, with the Voluntary Administrators acting as both Deed Administrators and Trustees for the trust;

- Upon satisfaction of certain Conditions Precedent (refer **Section 8.3.2** below), the DOCA will be effectuated and the cash contribution will be transferred to a Creditors trust to enable distribution to the creditors
- A sunset date for the satisfaction of the Conditions Precedent of 30 June 2021 (which can be extended at the Proponents sole discretion)
- Upon execution of the Creditors Trust, the control and operations of the Company will revert back to the Shareholder and Director.

8.3.2. Conditions Precedent

The following are conditions precedent to the completion of the DOCA:

- The Deed Administrators and the Company executing and exchanging the Creditors' Trust Deed.
- The Proponent determining in its sole and absolute discretion that the provisions of the Continuing Lease Variations are satisfactory and that the Continuing Lease Variations have been entered into by the lessors of the Continuing Leases in a legally binding manner.
- The obtaining of any Court Orders under section 444F or section 447A of the Corporations Act to permit the Company to maintain possession of any land occupied by the Company as at the Commencement Date for such period as the Proponent considers necessary to permit the successful implementation of the DOCA and on such conditions as the Proponent in its discretion considers acceptable.
- The execution of final form documents contemplated by the PBPL Heads, in a form satisfactory to the Proponent in its absolute discretion.
- The Proponent determining in its absolute discretion, that contracts with ongoing strategic transport suppliers, including but not limited to those who are Pool A Creditors, have been executed in a form and in a number that is satisfactory to the Proponent.

We note that the Conditions precedent are only able to be waived by the Proponent in their sole and absolute discretion.

8.3.3. DOCA Implementation

When the above conditions precedent have been satisfied or waived, the DOCA provides for the following steps to be taken:

- The Deed Fund to be transferred to the Trustees, which will comprise:
 - Cash contribution of \$1,656,000 paid by the DOCA Proponent – to be used solely for the distribution to creditors; and
 - Amounts for the Trustees fees and Administrators trading liabilities.
- The remaining available funds held by the Administrators will be returned to the Company to be used for the purposes of working capital.

8.3.4. Treatment of Related Party Claims

The secured shareholder loan survives the DOCA (ie it is not compromised through the DOCA), however we note the following:

- The working capital facility that was previously withdrawn is reinstated on the same terms as prior to the appointment
- All events of default as a consequence of the appointment of Voluntary Administrators or the entry into the Deed of Company Arrangement are waived
- LCCG is not entitled to prove in the Creditors Trust (ie it is an excluded claim for the purposes of the DOCA)

8.3.5. Pooling within the Creditors’ Trust Fund

The unsecured creditors will be split into three pools within the Creditors’ Trust as follows:

| Table 17: Creditors' Trust Funds Pools | |
|--|---|
| Pool | Creditors Entitled to funds |
| Pool A | Creditors whom the Proponent has determined to be ongoing strategic transport suppliers, each of whom will receive a distribution from the Deed Fund in respect of that portion of their Admitted Claim that is not an Admitted Lease Claim |
| Pool B | All those Creditors who are general unsecured creditors of the Company and who are not any of Pool A Creditors, Pool C Creditors, Excluded or Deferred Creditors |
| Pool C | Creditors (other than Excluded Creditors or Employees) who have an Admitted Lease Claim |

Enclosed in **Appendix 7** is the draft DOCA proposal that includes a schedule for Pool A.

8.3.6. Effect of the DOCA on Employees’ ability to access the FEG Scheme

Current and former employees should note that effectuation of the DOCA will prohibit their ability to access the FEG scheme for any outstanding entitlements, in particular leave and redundancy, as the FEG scheme is only available if a company goes into liquidation. However, we note that all employee entitlements have been paid throughout the course of the administration.

Outstanding superannuation entitlements are not covered by the FEG scheme. However, all outstanding amounts with respect to pre appointment superannuation entitlements have been paid by the Administrators. Superannuation payable during the course of the voluntary administration is a liability of the administrators and will be satisfied and paid when due.

Continuing employees will retain their leave and retrenchment entitlements with the Company through the DOCA and Creditors’ Trust and all employee entitlements which are due and payable in the ordinary course will continue to be paid

8.3.7. Distribution waterfall

The Creditors’ Trust will be distributed in the following order of priority.

| Table 18: Order of Priority | |
|-----------------------------|--|
| Priority | Recipient |
| 1. | The Administrators, Deed Administrators, and the Trustees to satisfy outstanding trading liabilities and their remuneration. |
| 2. | Pool A Creditors to a maximum of 47 cents in the dollar of their admitted claim. |
| 3. | Pool B Creditors to a maximum of 5 cents in the dollar of their admitted claim. |
| 4. | Pool C Creditors to a maximum of 0.5 cents in the dollar of their admitted claim. |
| 5. | Any surplus or remaining balance shall be paid to or at the direction of the Company. |

8.3.8. Extinguishment of claims

On termination of the Trust, all claims will be released, discharged and extinguished with the exception of certain excluded claims, including:

- Continuing leases
- Any claims arising under ongoing contracts (including Customer Contracts)
- Continuing employee claims, including those related to ongoing workers compensation; and
- Secured Claims

Any claims will be deemed to be abandoned if, prior to the declaration of the final dividend, a creditor has failed to submit a formal proof of debt or claim in accordance with the terms of the Trust, or having submitted one which is rejected, fails to appeal against the rejection within the relevant timeframe set out in the Trust Deed.

8.4. Our comments on the proposal

The DOCA offers the following returns:

| Table 29: Summary of Estimated Returns | | |
|--|------------------|-------------------|
| | DOCA Low Case | DOCA High Case |
| Unsecured Creditors | | |
| Pool A Creditors | 47 cents/\$ | 47 cents/\$ |
| Pool B Creditors | 5 cents/\$ | 5 cents/\$ |
| Pool C Creditors | 0.3 cents/\$ | 0.5 cents/\$ |

There is no alternate DOCA proposal. Accordingly, the only other realistic option for the Company, if the present DOCA (inclusive of any further amendments) was not executed, would be for the Company to be

placed into liquidation. We note that a return to unsecured creditors in a liquidation is estimated to be nil. Please refer to **Section 9** and **Appendix 8** for further details.

In forming their own views as to whether the DOCA proposal is in their interests, creditors should consider the following items when comparing the DOCA proposal to liquidation:

- The returns in priority creditors in the DOCA is higher than in a liquidation scenario;
- Under the DOCA the business will continue as a going concern;
- Unsecured creditors gain ongoing trade as well as the potential to receive a dividend in the DOCA (see Table 20 above);
- The pools of creditors have been formulated by the Proponent on the basis of their views as to those creditors they consider to be most crucial to the ongoing viability of the business;
- While the return to Pool C creditors (essentially non-continuing landlords) may only be 0.3 cents in the dollar, we note a number of creditors in the pool have the benefit of additional security in the form of bank guarantees in support of their exposure;
- The Administrators have undertaken extensive reviews of the creditor position and consider that the estimated cents in the dollar return is reasonable based on the information in their possession;
- Employees have certain entitlements paid in a liquidation by way of the FEG Scheme. We note that the Company must be in liquidation and there are timing considerations between the employee lodging the claim and receiving their distribution. On the other hand, the DOCA Proposal allows for the payment of employee entitlements in the ordinary course following termination/resignation and the continuation of ongoing employment and maintenance of their entitlements;
- Secured creditors can continue to deal with their security and are not bound by the terms of the DOCA unless they become a party to it or agree to be bound by it; and
- Following effectuation of the DOCA and with the benefits of the restructuring initiatives that have been implemented throughout the course of the Administration, we consider the Company will be solvent and have the basis for a sustainable future.

Based on the above, we consider the DOCA to be in the best interests of creditors.

8.5. Expected timeline of events

If the proposed DOCA is approved by creditors at the forthcoming meeting, the following key events (in sequence) can be expected to occur:

- The DOCA will be executed by the parties subject to the deed. This is expected to occur shortly after the forthcoming meeting of creditors. At law, there is a maximum period of 15 business days after the meeting for the DOCA to be executed. If the DOCA is not executed within this time, the Company would be placed into liquidation;
- The proposed sunset date for completion of the conditions precedent is 30 June 2021 or such date as LCCG nominates in its sole discretion; and
- On commencement of the Creditors Trust a dividend process (conducted in a manner consistent with the provisions of the Act) will be undertaken. This will involve creditors submitting a proof of debt form to the Trustee to substantiate their claim, the Trustees adjudicating on these claims and then paying a dividend in accordance with the terms of the Creditors Trust.

8.6. Purpose of a creditors' trust

8.6.1. General Information

A creditors' trust is a mechanism for the distribution of a fund to creditors of a company or group of companies, which accelerates a company's exit from external administration. A trust is formed for the benefit of the relevant creditors, and the trust funds (usually contributed by the proponent of the DOCA) are paid to the trust for distribution to creditors in accordance with a trust deed.

Typically, when a creditors' trust is created:

- The company's obligations to all creditors bound by the DOCA are compromised;
- The deed administrators of the DOCA become the trustees and the creditors become the beneficiaries of the creditors' trust;
- The company and/or third parties promise to make one or more payments (or transfer of property) to the trustees in satisfaction of the creditors' claims against the company. In return, the creditors' claims against the company are extinguished;
- The DOCA is 'effectuated' immediately upon the creation of the creditors' trust, which usually occurs after the DOCA is executed and any conditions precedent are satisfied; and
- When the DOCA is "effectuated", the company ceases to be externally administered, the directors regain full control of the company, the company is no longer required to use the notification 'subject to deed of company arrangement' on its public documents as otherwise would be required by Section 450E(2) of the Act.
- The deed administrators (now trustees) then become solely responsible to the former creditors (now beneficiaries) for:
 - Ensuring that the company and/or other third parties make their payments, transfer property and satisfy any other obligations to the trustees;
 - Determining how much each of the former creditors is entitled to receive from the trust; and
 - Making any distribution to those former creditors in their capacity as beneficiaries of the trust.

We note these factors will apply in this scenario.

8.6.2. ASIC guidelines for creditors' trusts

In December 2018, ASIC issued Regulatory Guide 82 in respect to Creditors' Trusts, entitled 'External Administrations: Deeds of company arrangement involving a creditors' trust' ('the ASIC Guide'). A copy of the Guide can be downloaded from the ASIC website at <http://www.asic.gov.au/> or is available from our office upon request.

8.6.3. Rights of Creditors

The Trust Deed will incorporate many provisions of the Act, but creditors' rights will be under the Trustee Act 1925. Per the terms of the proposed DOCA, Creditors rights are altered and Creditors should take this into account in assessing the merits of the Proposal.

Creditors should seek their own legal advice as to the implications to them.

8.7. Effect on Employees

8.7.1. Position as priority creditors

Employees are afforded a priority in the winding up of a company compared to ordinary unsecured creditors. The order of priority for typical employee claims is as follows:

- Amounts due in respect of wages, superannuation and superannuation guarantee charge outstanding as at the date of the appointment of Administrators, followed by
- Amounts due in respect of leave of absence and other amounts due under the terms of an industrial instrument, followed by
- Redundancy payments.

8.7.2. Return to employees if the Company is wound up

We estimate employees will receive 100 cents in the dollar for outstanding leave entitlements and between 70-88 cents in the dollar for PILN and redundancy payments in a winding up. Section 9 includes details about the estimated return to creditors if the Company is wound up and a liquidator appointed.

8.7.3. Government assistance available if the Company is wound up

If there are insufficient funds available to employees from the Company's property, eligible employees may be entitled to lodge a claim for their unpaid entitlements under the Federal Government's FEG Scheme.

Details about FEG can be read at: <https://www.employment.gov.au/fair-entitlements-guarantee-feg>.

8.7.4. Effect on employees – DOCA

Employees should note that the FEG Scheme is not available to employees who are made redundant if the Company executes a DOCA.

9. Estimated return to creditors

9.1. Administrators' estimated statement of position

An analysis of the Administrator's estimated statement of position and commentary providing further details is included in **Appendix 8**.

9.2. Summary of estimated returns

Below is a summary of the estimated returns to priority creditors and unsecured creditors in both a DOCA and liquidation scenario. Estimated returns are presented on a cents in the dollar basis.

Table 20: Summary of Estimated Returns

| | DOCA Low Case | DOCA High Case | Liquidation Low Case | Liquidation Best Case |
|------------------------|------------------|-------------------|-------------------------|--------------------------|
| Priority Creditors | | | | |
| Wages & Superannuation | N/A | N/A | N/A | N/A |
| Leave Entitlements | N/A | N/A | 100 cents/\$ | 100 cents/\$ |
| Redundancy & PILN | N/A | N/A | 70 cents/\$ | 88 cents/\$ |
| Unsecured Creditors | | | | |
| Pool A Creditors | 47 cents/\$ | 47 cents/\$ | Nil | Nil |
| Pool B Creditors | 5 cents/\$ | 5 cents/\$ | Nil | Nil |
| Pool C Creditors | 0.3 cents/\$ | 0.5 cents/\$ | Nil | Nil |

The Administrators note that the employee entitlements, under the DOCA proposal, are to be transferred to the Company once the DOCA is completed. The key factor impacting the return to Pool B and Pool C creditors in a DOCA scenario will be the quantum of adjudicated creditor claims in each pool.

9.3. Administrators' receipts and payments

A summary of receipts and payments since the date of our appointment to 4 June 2021 is shown in **Section 6.2.5**.

9.4. Estimated timing of payments to creditors

An indicative range of the estimated timing of dividends under each option (and to each class of creditor) is set out below:

| | Liquidation Scenario | DOCA Scenario |
|------------------------------|----------------------|---------------|
| Secured creditors | 3 Months | N/A |
| Employee priority creditors | 6 Months | N/A |
| Ordinary unsecured creditors | N/A | 3 Months |

10. Administrators' opinion and recommendation

10.1. Opinion and recommendation to creditors

10.1.1. What creditors can decide at the meeting

At the second meeting of creditors, creditors are required to decide whether:

- The Company should execute a DOCA
- The administration of the Company should end, or
- The Company should be wound up.

In accordance with the requirements of Section 75-225 of the Insolvency Practice Rules (Corporations) 2016, the Administrators must provide an opinion on each of the above options, and whether the option is in the creditors' interests.

10.1.2. Administrators' opinions on the options available to creditors

Execution of a deed of company arrangement

We consider that it would be in the creditors' interests for the Company to execute a DOCA on the terms proposed for the following reasons:

- Unsecured creditors will receive a greater return under the DOCA than they would if the Company was subject to a winding up
- The business will continue as a going concern (in accordance with the objective as outlined in Section 435A of the Act) and continue to operate as a key part of the new vehicle supply chain in Australia
- The current workforce will be retained, including maintenance of all employee entitlements

The Administration comes to an end

If the creditors vote for this alternative, control of the Company would revert to the directors following the forthcoming meeting of creditors.

Without the benefit of the terms of the DOCA, the Company is insolvent with insufficient cash to pay the Company's debts and no confirmed prospects of obtaining external funding. Therefore, we do not consider that it would be in the creditors' interests for the administration to end.

The Company is wound up

We do not consider it would be in the creditors' interests for the Company to be wound up as the proposed DOCA will likely provide a higher return for unsecured creditors than they may receive in a winding up. As detailed in **Section 9** in the event of a liquidation of the Company the unsecured creditors are forecast to receive no return.

Further, a winding up would see the workforce disbanded and the Company no longer able to operate as a going concern.

10.1.3. Administrators' opinion on voidable transactions

It is the Administrators' opinion that any potential voidable transactions identified are unlikely to result in funds being recovered for the benefit of creditors, as the Company was likely solvent at the time of the transactions, there would be a number of difficulties in prosecuting the claims and further, we consider it is unlikely the Company has suffered any loss as a consequence of the transactions.

In relation to any claim for insolvent trading, we consider any potential claim to be relatively immaterial and likely to be uncommercial to pursue, in light of the possible quantum, the defences available to a director and the likelihood it would be vigorously defended.

Dated 11 June 2021



Joseph Hansell

Joint and Several Administrator

11. Appendix 1 – Glossary and terms of reference

| Item | Definition |
|---|---|
| \$'000 | Thousands |
| AASB | Australian Accounting Standards Board |
| ACCC | Australian Competition and Consumer Corporation |
| Act | Corporations Act 2001 (Cth) |
| Administrators Deed Administrators Trustees | Christopher Hill, Joseph Hansell and Ross Blakeley |
| ANZ | Australian Banking Group Limited |
| ARV | Auction Realisable Value |
| Asciano | Asciano Finance Pty Ltd |
| ASIC | Australian Securities and Investments Commission |
| ATO | Australian Taxation Office |
| AWU | Australian Manufacturing Worker Union |
| BBSY | Bank Bill Swap Bid Rate |
| Capex | Capital Expenditure |
| CCCD | Car Carriers (NSW) Contract Determination (NSW) (2008) |
| Company | Autocare Services Pty Ltd (Administrator Appointed) |
| CSA | Corporate Services Agreement |
| DIRRI | Declaration of independence, relevant relationships and indemnities |
| DOA | Delegation of authority |
| DOCA | Deed of company arrangement |
| DOCA Proponent | LINX Cargo Care Group Pty Ltd |
| DOCA Proposal | DOCA Proposal dated 11 June 2021 |
| EBIT / EBITDA | Earnings before interest and tax / Earnings before interest, tax, depreciation and amortisation |
| EOI | Expressions of Interest |
| ERP | Enterprise resource planning |
| ERV | Estimated realisable value |

Appendix 1 – Glossary and terms of reference

| | |
|----------------|--|
| FEG | Fair Entitlements Guarantee |
| FIRB | Foreign Investment Review Board |
| FY17, FY18 etc | Financial years ended/ending 30 June 2017, 30 June 2018 etc. |
| GOA | Hyundai Glovis Australia |
| GST | Goods and Services Tax, as applicable in Australia |
| IPR | Insolvency Practice Rules (Corporations) 2016 |
| k | thousand |
| LCCG | Linx Cargo Care Group Pty Ltd |
| m | million |
| Management | The senior officers, employees and advisors of the Company |
| MV | Market Value |
| NYK | NYK Tokyo |
| OEM | Original Equipment Manufacturer |
| PAYG | Pay As You Go |
| PBPL | Port of Brisbane Pty Limited |
| PDI | Pre-Deliver Inspection |
| PILN | Payment in Lieu of Notice |
| PPSR | Personal Property Securities Register |
| Q1, Q2 | Quarter 1, Quarter 2 etc |
| R&M | Repairs and Maintenance |
| ROCAP | Report on Company Activities and Property |
| SGC | Superannuation Guarantee Charge |
| SFA | Syndicated Facility Agreement |
| TWU | Transport Workers Union |
| VSD | Vehicle Stored Days |
| WH&S | Work Health and Safety |
| VA | Voluntary Administration |
| VSA | Vehicle Service Agreement |
| YTD | Year to date |

11.1. Terms of reference

This report has been prepared for the creditors of Company to assist them in evaluating their position as creditors and in deciding on the Company's future. None of the Administrators, FTI Consulting and its staff shall assume any responsibility to any third party to which this report is disclosed or otherwise made available.

This report is based on information obtained from the Company's records, the directors and management of the Company and from our own enquiries. While we have no reason to doubt the veracity of information contained in this report, unless otherwise stated we have proceeded on the basis that the information provided, and representations made to us are materially accurate, complete and reliable. We have not carried out anything in the nature of an audit, review or compilation.

This report may contain prospective financial information, including estimated outcomes for creditors, and other forward-looking information. As events and circumstances frequently do not occur as expected, there may be material differences between estimated and actual results. We take no responsibility for the achievement of any projected outcomes or events.

We reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the forthcoming meeting of creditors.

Creditors should seek their own advice if they are unsure how any matter in this report affects them.

12. Appendix 2 – Company information

12.1. Statutory Information

| | |
|-----------------------------------|---|
| Incorporation Date | 3 November 1960 |
| Registered Address | Unit 12, 335 Hillsborough Road, Warners Bay, 2282, NSW |
| Principal Place of Business | Unit 12, 335 Hillsborough Road, Warners Bay, 2282, NSW |
| Directors and Officers | <p>Jeffrey Wayne Kendrew</p> <p>Director</p> <p>Appointed on 21/07/2016</p> |
| Shareholders | <p>The Company has \$21,474,837.63 in paid up capital and 75,505 shares on issue.</p> <p>Shareholders:</p> <ul style="list-style-type: none"> ■ LCCG – 75,505 shares (100%) <p>Previous owners:</p> <ul style="list-style-type: none"> ■ NYK Tokyo – 15,101 shares ■ Plzen Pty Ltd – 60,404 shares ■ Lang Logistics Pty Ltd – 35,201 shares |
| Related entities | N/A |
| Description of trading activities | Provision of automotive logistics supply chain services, shore to door services in the automotive industry. Specialising in vehicle storage, processing and transport. |

12.2. Details of security interests and charges

Below are details the security interests registered on the PPSR upon appointment, plus any other prima facie valid charges that the Administrators are aware of.

| Registration Number | Secured Party | Collateral Class | Date Registered |
|---------------------|---|------------------|-----------------|
| 201202270130021 | 3m Australia Pty Ltd | Other Goods | 27-Feb-12 |
| 201202140114739 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 201202140025688 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 201202140119555 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 201202140096729 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 201202140064283 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 201202140056421 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 201612140037914 | Adapt-A-Lift Group Pty Ltd | Motor Vehicle | 14-Dec-16 |
| 201606060048023 | Adapt-A-Lift Group Pty Ltd | Motor Vehicle | 6-Jun-16 |
| 201412310057894 | Adapt-A-Lift Group Pty Ltd | Motor Vehicle | 31-Dec-14 |
| 201609120003646 | Adapt-A-Lift Group Pty Ltd | Other Goods | 12-Sep-16 |
| 201410200002196 | Adapt-A-Lift Group Pty Ltd | Motor Vehicle | 20-Oct-14 |
| 201510210045051 | Automotive Holdings Group Limited | Other Goods | 21-Oct-15 |
| 201904240039471 | Automotive Holdings Group Limited | Other Goods | 24-Apr-19 |
| 201505080012182 | Big Dog Equipment Pty Ltd | Other Goods | 8-May-15 |
| 201912170035109 | Boc Limited | Other Goods | 17-Dec-19 |
| 202011260048038 | Castlereagh Automotive Pty Ltd | Other Goods | 26-Nov-20 |
| 202006200006272 | Chevron Australia Downstream Fuels Pty Ltd | Other Goods | 20-Jun-20 |
| 202006200006286 | Chevron Australia Downstream Fuels Pty Ltd | Other Goods | 20-Jun-20 |
| 201405220032501 | Clark Equipment Rentals Pty Ltd | Motor Vehicle | 22-May-14 |
| 202001230045180 | Clark Equipment Rentals Pty Ltd | Other Goods | 23-Jan-20 |
| 202001230045198 | Clark Equipment Rentals Pty Ltd | Motor Vehicle | 23-Jan-20 |
| 202012090015176 | Clark Equipment Rentals Pty Ltd | Motor Vehicle | 9-Dec-20 |
| 201809060085347 | Coates Hire Operations Pty Limited | Motor Vehicle | 6-Sep-18 |
| 201809060086604 | Coates Hire Operations Pty Limited | Other Goods | 6-Sep-18 |
| 202012300057087 | Coniston Trucks Pty Ltd | Other Goods | 30-Dec-20 |
| 201510260051437 | Conquest Equipment Technologies Pty Ltd | Motor Vehicle | 26-Oct-15 |
| 201510260051779 | Conquest Equipment Technologies Pty Ltd | Motor Vehicle | 26-Oct-15 |
| 201507270005026 | Coregas Pty Ltd | Other Goods | 27-Jul-15 |
| 201501070037962 | Crown Equipment Pty. Limited | Motor Vehicle | 7-Jan-15 |
| 201310220040960 | Crown Equipment Pty. Limited | Motor Vehicle | 22-Oct-13 |
| 201405260074153 | E C B Pty. Ltd. | Other Goods | 26-May-14 |
| 201704010038062 | Elgas Limited | Other Goods | 1-Apr-17 |
| 201609140074569 | Flexiglass Challenge Pty Ltd | Other Goods | 14-Sep-16 |
| 201309030057071 | Fuelfix Pty Ltd | Other Goods | 3-Sep-13 |
| 201609290019505 | Fuji Xerox Finance Limited | Other Goods | 29-Sep-16 |
| 201201300242086 | Gm Holden Ltd | Other Goods | 30-Jan-12 |
| 201201300226319 | Gm Holden Ltd | Other Goods | 30-Jan-12 |
| 201711030042752 | Hyundai Motor Company Australia Pty Limited | Other Goods | 3-Nov-17 |
| 201711030030802 | Hyundai Motor Company Australia Pty Limited | Other Goods | 3-Nov-17 |

Appendix 2 – Company information

| | | | |
|-----------------|-------------------------------------|--------------------|-----------|
| 201602050046266 | Instant Toilets And Showers Pty Ltd | Other Goods | 5-Feb-16 |
| 201512210022771 | Isuzu Australia Limited | Other Goods | 21-Dec-15 |
| 201507210138939 | Isuzu Australia Limited | Other Goods | 21-Jul-15 |
| 202003030055476 | Isuzu Australia Limited | Motor Vehicle | 3-Mar-20 |
| 201902190068050 | Isuzu Australia Limited | Other Goods | 19-Feb-19 |
| 202012090042288 | J. Blackwood & Son Pty Ltd | Other Goods | 9-Dec-20 |
| 201609150053525 | Jefferson Ford Pty. Ltd | Other Goods | 15-Sep-16 |
| 201604040006105 | Lightforce Australia Pty. Limited | Other Goods | 4-Apr-16 |
| 202101030000339 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000736 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000575 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000696 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202012240042338 | Linx Cargo Care Group Pty Ltd | All PAAP No Except | 24-Dec-20 |
| 202101030000974 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000612 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000855 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000292 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000450 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030001023 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201901160050028 | Linx Cargo Care Group Pty Ltd | All PAAP No Except | 16-Jan-19 |
| 202101030000727 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000608 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000683 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000840 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000961 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000445 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000325 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000568 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030001010 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000285 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000318 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000715 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000957 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000838 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000552 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000432 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030001006 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000677 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000791 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000704 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000387 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000421 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000302 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000665 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000942 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000547 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000789 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000935 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000817 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000497 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |

Appendix 2 – Company information

| | | | |
|-----------------|--|---------------|-----------|
| 202101030000893 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000654 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000413 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000534 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000373 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000770 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000801 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000649 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000409 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000926 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000762 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000523 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000886 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000360 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000919 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000758 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030001047 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000872 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000356 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000510 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000631 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000478 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000599 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000990 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000988 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000903 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000466 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000620 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000743 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000864 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000341 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030001034 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201701300066679 | Macquarie Leasing Pty Ltd | Motor Vehicle | 30-Jan-17 |
| 201902220063048 | Mercedes-Benz Australia/Pacific Pty Ltd | Other Goods | 22-Feb-19 |
| 201201090465985 | Michelin Australia Pty Ltd | Other Goods | 30-Jan-12 |
| 201609090063867 | Michelin Australia Pty Ltd | Other Goods | 9-Sep-16 |
| 201609090063690 | Michelin Australia Pty Ltd | Copyright | 9-Sep-16 |
| 201609090063977 | Michelin Australia Pty Ltd | Other Goods | 9-Sep-16 |
| 201609090061638 | Michelin Australia Pty Ltd | Other Goods | 9-Sep-16 |
| 201811300090924 | Mobile Tracking And Data Pty Ltd | Other Goods | 30-Nov-18 |
| 201202290041749 | Motors Tas Pty Ltd | Other Goods | 29-Feb-12 |
| 202101150036670 | Omega Rentals Pty Ltd | Motor Vehicle | 15-Jan-21 |
| 201408290065486 | Omega Rentals Pty Ltd | Motor Vehicle | 29-Aug-14 |
| 201604130040020 | Port Of Brisbane Pty Ltd | Other Goods | 13-Apr-16 |
| 201207170016229 | Port Of Brisbane Pty Ltd | Other Goods | 17-Jul-12 |
| 201403110061060 | Port Of Brisbane Pty Ltd | Other Goods | 11-Mar-14 |
| 201307100068848 | Port Of Brisbane Pty Ltd | Other Goods | 10-Jul-13 |
| 201907170001911 | Port Of Brisbane Pty Ltd | Other Goods | 17-Jul-19 |
| 201602230077006 | Port Of Brisbane Pty Ltd | Other Goods | 23-Feb-16 |
| 201112203262636 | Royal Wolf Trading Australia Pty Limited | Other Goods | 30-Jan-12 |

Appendix 2 – Company information

| | | | |
|-----------------|---|--------------------|-----------|
| 201806120043062 | Service Body Manufacturing Australia Pty Ltd | Other Goods | 12-Jun-18 |
| 201811300021229 | Toyota Finance Australia Ltd | Other Goods | 30-Nov-18 |
| 201811300021217 | Toyota Finance Australia Ltd | Motor Vehicle | 30-Nov-18 |
| 201211070078900 | United Equipment Pty Limited | Motor Vehicle | 7-Nov-12 |
| 201806140038275 | United Equipment Pty Limited | Other Goods | 14-Jun-18 |
| 202006290010387 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 29-Jun-20 |
| 201805300087274 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 30-May-18 |
| 201805230082559 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 23-May-18 |
| 201808100087614 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 10-Aug-18 |
| 202008250025364 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 25-Aug-20 |
| 201903290102014 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 29-Mar-19 |
| 201405090043823 | William Adams Pty. Ltd. | Other Goods | 9-May-14 |
| 201405090076436 | William Adams Pty. Ltd. | Motor Vehicle | 9-May-14 |
| 201401290273089 | Wurth Australia Pty Ltd | Other Goods | 29-Jan-14 |
| 202101030000339 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101150036670 | Omega Rentals Pty Ltd | Motor Vehicle | 15-Jan-21 |
| 202101030000736 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201512210022771 | Isuzu Australia Limited | Other Goods | 21-Dec-15 |
| 202101030000575 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000696 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201507210138939 | Isuzu Australia Limited | Other Goods | 21-Jul-15 |
| 202012240042338 | Linx Cargo Care Group Pty Ltd | All PAAP No Except | 24-Dec-20 |
| 202101030000974 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000612 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201604130040020 | Port Of Brisbane Pty Ltd | Other Goods | 13-Apr-16 |
| 202101030000855 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201309030057071 | Fuelfix Pty Ltd | Other Goods | 3-Sep-13 |
| 201201090465985 | Michelin Australia Pty Ltd | Other Goods | 30-Jan-12 |
| 201609090063867 | Michelin Australia Pty Ltd | Other Goods | 9-Sep-16 |
| 202101030000292 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201405220032501 | Clark Equipment Rentals Pty Ltd | Motor Vehicle | 22-May-14 |
| 202101030000450 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201809060085347 | Coates Hire Operations Pty Limited | Motor Vehicle | 6-Sep-18 |
| 202101030001023 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202006290010387 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 29-Jun-20 |
| 202006200006272 | Chevron Australia Downstream Fuels Pty Ltd | Other Goods | 20-Jun-20 |
| 201612140037914 | Adapt-A-Lift Group Pty Ltd | Motor Vehicle | 14-Dec-16 |
| 201901160050028 | Linx Cargo Care Group Pty Ltd | All PAAP No Except | 16-Jan-19 |
| 201606060048023 | Adapt-A-Lift Group Pty Ltd | Motor Vehicle | 6-Jun-16 |
| 202011260048038 | Castlereagh Automotive Pty Ltd | Other Goods | 26-Nov-20 |
| 202101030000727 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |

Appendix 2 – Company information

| | | | |
|-----------------|---|---------------|-----------|
| 202101030000608 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201405260074153 | E C B Pty. Ltd. | Other Goods | 26-May-14 |
| 202101030000683 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000840 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000961 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000445 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201401290273089 | Wurth Australia Pty Ltd | Other Goods | 29-Jan-14 |
| 202101030000325 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000568 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201202140114739 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 201602050046266 | Instant Toilets And Showers Pty Ltd | Other Goods | 5-Feb-16 |
| 202101030001010 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201701300066679 | Macquarie Leasing Pty Ltd | Motor Vehicle | 30-Jan-17 |
| 202101030000285 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202006200006286 | Chevron Australia Downstream Fuels Pty Ltd | Other Goods | 20-Jun-20 |
| 201704010038062 | Elgas Limited | Other Goods | 1-Apr-17 |
| 201112203262636 | Royal Wolf Trading Australia Pty Limited | Other Goods | 30-Jan-12 |
| 201202140025688 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 201405090043823 | William Adams Pty. Ltd. | Other Goods | 9-May-14 |
| 202101030000318 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000715 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000957 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201211070078900 | United Equipment Pty Limited | Motor Vehicle | 7-Nov-12 |
| 202101030000838 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201604040006105 | Lightforce Australia Pty. Limited | Other Goods | 4-Apr-16 |
| 202101030000552 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000432 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030001006 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000677 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201609090063690 | Michelin Australia Pty Ltd | Copyright | 9-Sep-16 |
| 201207170016229 | Port Of Brisbane Pty Ltd | Other Goods | 17-Jul-12 |
| 201408290065486 | Omega Rentals Pty Ltd | Motor Vehicle | 29-Aug-14 |
| 202003030055476 | Isuzu Australia Limited | Motor Vehicle | 3-Mar-20 |
| 201202140119555 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 202101030000791 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201412310057894 | Adapt-A-Lift Group Pty Ltd | Motor Vehicle | 31-Dec-14 |
| 201806120043062 | Service Body Manufacturing Australia Pty Ltd | Other Goods | 12-Jun-18 |
| 201805300087274 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 30-May-18 |
| 201201300242086 | Gm Holden Ltd | Other Goods | 30-Jan-12 |
| 202101030000704 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201805230082559 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 23-May-18 |
| 201609290019505 | Fuji Xerox Finance Limited | Other Goods | 29-Sep-16 |
| 202101030000387 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201202140096729 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 202101030000421 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000302 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000665 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |

Appendix 2 – Company information

| | | | |
|-----------------|---|---------------|-----------|
| 201912170035109 | Boc Limited | Other Goods | 17-Dec-19 |
| 202101030000942 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000547 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000789 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201609090063977 | Michelin Australia Pty Ltd | Other Goods | 9-Sep-16 |
| 201510210045051 | Automotive Holdings Group Limited | Other Goods | 21-Oct-15 |
| 201609120003646 | Adapt-A-Lift Group Pty Ltd | Other Goods | 12-Sep-16 |
| 201202270130021 | 3m Australia Pty Ltd | Other Goods | 27-Feb-12 |
| 201403110061060 | Port Of Brisbane Pty Ltd | Other Goods | 11-Mar-14 |
| 201809060086604 | Coates Hire Operations Pty Limited | Other Goods | 6-Sep-18 |
| 202101030000935 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202001230045180 | Clark Equipment Rentals Pty Ltd | Other Goods | 23-Jan-20 |
| 201410200002196 | Adapt-A-Lift Group Pty Ltd | Motor Vehicle | 20-Oct-14 |
| 202101030000817 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201808100087614 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 10-Aug-18 |
| 202101030000497 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000893 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201501070037962 | Crown Equipment Pty. Limited | Motor Vehicle | 7-Jan-15 |
| 201310220040960 | Crown Equipment Pty. Limited | Motor Vehicle | 22-Oct-13 |
| 202101030000654 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201609150053525 | Jefferson Ford Pty. Ltd | Other Goods | 15-Sep-16 |
| 202101030000413 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000534 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201405090076436 | William Adams Pty. Ltd. | Motor Vehicle | 9-May-14 |
| 201902190068050 | Isuzu Australia Limited | Other Goods | 19-Feb-19 |
| 202101030000373 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000770 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201510260051437 | Conquest Equipment Technologies Pty Ltd | Motor Vehicle | 26-Oct-15 |
| 202101030000801 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201201300226319 | Gm Holden Ltd | Other Goods | 30-Jan-12 |
| 202101030000649 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000409 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000926 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201507270005026 | Coregas Pty Ltd | Other Goods | 27-Jul-15 |
| 202101030000762 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000523 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000886 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201806140038275 | United Equipment Pty Limited | Other Goods | 14-Jun-18 |
| 202012300057087 | Coniston Trucks Pty Ltd | Other Goods | 30-Dec-20 |
| 202101030000360 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202001230045198 | Clark Equipment Rentals Pty Ltd | Motor Vehicle | 23-Jan-20 |
| 202101030000919 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202012090042288 | J. Blackwood & Son Pty Ltd | Other Goods | 9-Dec-20 |
| 201307100068848 | Port Of Brisbane Pty Ltd | Other Goods | 10-Jul-13 |
| 201907170001911 | Port Of Brisbane Pty Ltd | Other Goods | 17-Jul-19 |
| 202101030000758 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201811300021229 | Toyota Finance Australia Ltd | Other Goods | 30-Nov-18 |
| 201202140064283 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 202101030001047 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202012090015176 | Clark Equipment Rentals Pty Ltd | Motor Vehicle | 9-Dec-20 |

Appendix 2 – Company information

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|-----------------|---|---------------|-----------|
| 202101030000872 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201904240039471 | Automotive Holdings Group Limited | Other Goods | 24-Apr-19 |
| 202101030000356 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000510 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000631 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000478 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000599 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201505080012182 | Big Dog Equipment Pty Ltd | Other Goods | 8-May-15 |
| 201609140074569 | Flexiglass Challenge Pty Ltd | Other Goods | 14-Sep-16 |
| 201202290041749 | Motors Tas Pty Ltd | Other Goods | 29-Feb-12 |
| 201510260051779 | Conquest Equipment Technologies Pty Ltd | Motor Vehicle | 26-Oct-15 |
| 201711030042752 | Hyundai Motor Company Australia Pty Limited | Other Goods | 3-Nov-17 |
| 201602230077006 | Port Of Brisbane Pty Ltd | Other Goods | 23-Feb-16 |
| 202008250025364 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 25-Aug-20 |
| 202101030000990 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201903290102014 | Volkswagen Financial Services Australia Pty Limited | Motor Vehicle | 29-Mar-19 |
| 202101030000988 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000903 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201902220063048 | Mercedes-Benz Australia/Pacific Pty Ltd | Other Goods | 22-Feb-19 |
| 202101030000466 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000620 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201811300021217 | Toyota Finance Australia Ltd | Motor Vehicle | 30-Nov-18 |
| 202101030000743 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030000864 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201202140056421 | A.P. Eagers Limited | Other Goods | 14-Feb-12 |
| 202101030000341 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 202101030001034 | Linx Cargo Care Group Pty Ltd | Other Goods | 3-Jan-21 |
| 201711030030802 | Hyundai Motor Company Australia Pty Limited | Other Goods | 3-Nov-17 |
| 201811300090924 | Mobile Tracking And Data Pty Ltd | Other Goods | 30-Nov-18 |
| 201609090061638 | Michelin Australia Pty Ltd | Other Goods | 9-Sep-16 |

13. Appendix 3 – Investigations – analysis and information

13.1. General information and considerations

13.1.1. Date of insolvency

To ascertain if there were any insolvent transactions entered into by a company, it is first necessary to determine the date a company became insolvent.

Proving the date a company became insolvent is an essential element in recovery actions with respect to unfair preferences, uncommercial transactions and insolvent trading.

These recovery actions require the liquidator to prove that the company was insolvent at the time of the transaction, or in the case of an insolvent trading action, when the debt was incurred.

13.1.2. What is insolvency?

Solvency is defined in Section 95A of the Act as when a company is able to pay all its debts as and when they become due and payable. A company that is not solvent is insolvent.

It is generally accepted that there are two tests of insolvency, being the ‘cash flow test’ or the ‘balance sheet test’. The cash flow test goes to whether a company has sufficient resources available to it to pay all liabilities as they become due and payable. The balance sheet test is based on whether a company’s total assets exceed its total liabilities at a point in time.

Given the statutory definition as outlined above, the cash flow test is generally viewed as the appropriate basis for assessing the solvency of a company or group, while the balance sheet test (essentially whether assets exceed liabilities) enables an understanding of the overall financial position of the company at a point in time, which is to be considered in conjunction with the cash flow test.

An assessment of solvency needs to:

- Determine whether a company’s financial position can be characterised as more than a mere “temporary lack of liquidity” but rather “an endemic shortage of working capital whereby liquidity can only be restored by a successful outcome of business ventures in which the existing working capital has been deployed”, in which case the company is insolvent (*Hymix Concrete v Garrity* (1977) 13 ALR 321 at 328);
- Address not only the available cash to the company from day to day operations but also assets and other resources and opportunities (including the ability to raise debt and equity) that could be converted into cash in time to meet the liabilities; and
- Consider the prevailing circumstances and business practices of the company, as each will be unique.

Based on the above, it is important to note that consideration of the entire financial position of a company is required to establish if it is insolvent at a particular date. This includes factors such as the value of the company’s assets relative to its liabilities and the nature of those assets and liabilities. Also, the extent to which cash is expected to be generated from future trading activities, or available from alternative sources, such as debt/equity or guarantee is relevant to considering a company’s solvency position.

Appendix 3 – Investigations – analysis and information

ASIC has produced guidance on some of the factors it considers a reasonable person would take into account when determining whether a company is insolvent, with the list outlined below. The list of factors is not intended to be exhaustive and there may be other factors that would indicate to a reasonable person that a company may be insolvent.

- The company has a history of continuing trading losses.
- The company is experiencing cash flow difficulties.
- The company is experiencing difficulties selling its stock, or collecting debts owed to it.
- Creditors are not being paid on agreed trading terms and/or are either placing the company on cash-on-delivery terms or requiring special payments on existing debts before they will supply further goods and services.
- The company is not paying its Commonwealth and state taxes when due (e.g. pay-as-you-go instalments are outstanding, goods and services tax (GST) or superannuation guarantee contributions are payable).
- Cheques are being returned dishonoured.
- Legal action is being threatened or has commenced against the company, or judgements are entered against the company, in relation to outstanding debts.
- The company has reached the limits of its funding facilities and is unable to obtain appropriate further finance to fund operations—for example, through:
 - negotiating a new limit with its current financier; or
 - refinancing or raising money from another party.
- The company is unable to produce accurate financial information on a timely basis that shows the company's trading performance and financial position or that can be used to prepare reliable financial forecasts.
- Company directors have resigned, citing concerns about the financial position of the company or its ability to produce accurate financial information on the company's affairs.
- The company auditor has qualified their audit opinion on the grounds there is uncertainty that the company can continue as a going concern.
- The company has defaulted, or is likely to default, on its agreements with its financier.
- Employees, or the company's bookkeeper, accountant or financial controller, have raised concerns about the company's ability to meet, and continue to meet, its financial obligations.
- It is not certain that there are assets that can be sold in a relatively short period of time to provide funds to help meet debts owed, without affecting the company's ongoing ability to continue to trade profitably.
- The company is holding back cheques for payment or issuing post-dated cheques.

Source: *ASIC Regulatory Guide 217 - Duty to prevent insolvent trading: Guide for directors*

We have considered these factors in assessing the possible date of solvency for the Company.

13.1.3. General and commercial considerations

Proving insolvency is often a complex exercise and usually involves considerable time and expense in thoroughly investigating all aspects of potential claims. Legal advice on the merits of claims is generally required.

Typically, insolvent trading claims and voidable transaction claims brought by liquidators are defended and the defendants may seek to rely on the statutory defences available to them.

Legal proceedings are often necessary for liquidators to pursue claims. This adds to the time and costs involved in pursuing them. There is also inherent uncertainty involved with any litigation. As a result, commercial considerations are relevant, including whether the amount of the claim is large enough to pursue on a cost and risk/benefit basis.

The capacity of a party to pay any successful claim to a liquidator is also a relevant consideration in determining whether pursuing an action is likely to be in the interest of creditors.

Liquidators may not have funds to pursue actions. At other times, the liquidator may view the risks/benefits of pursuing an action not to be in the interest of creditors (for example, in cases where pursuing an action would use up the available cash/assets when otherwise a dividend to creditors could be paid). In these circumstances, it is possible that a creditor or a litigation funder may wish to fund an action to pursue a claim. This typically occurs only when there is a very strong case with high prospects of success and resources available by the defendant to meet any judgement debt, that is, personal assets and/or proceeds of a D&O policy.

13.2. Date of insolvency

13.2.1. Solvency review – cash flow tests

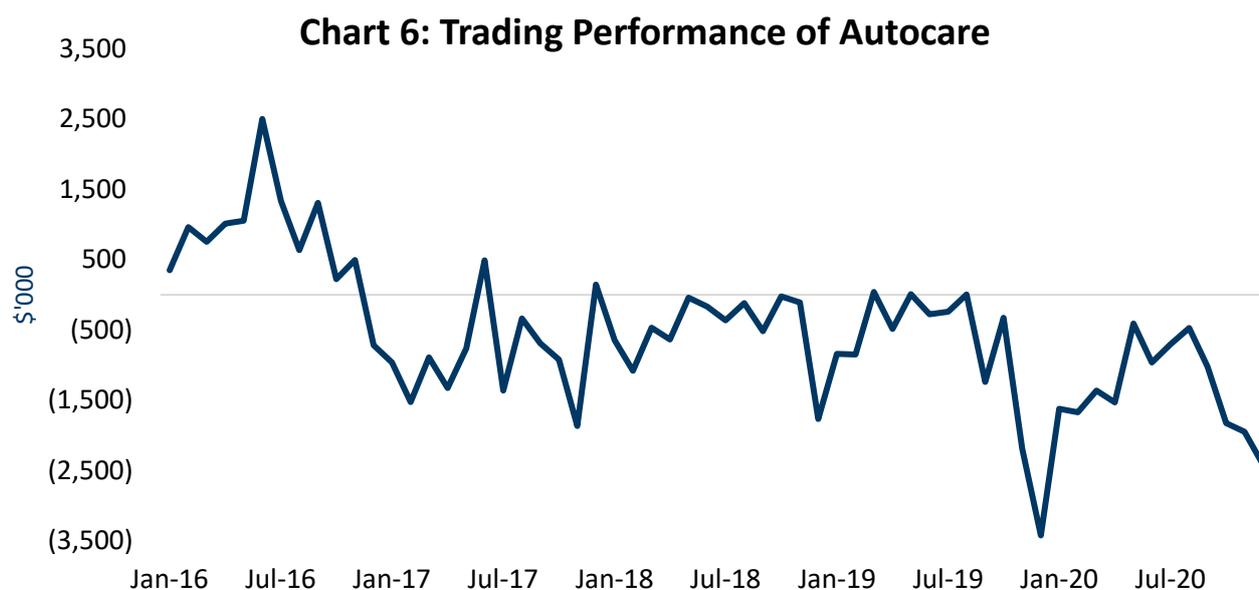
The cash flow test involves assessing the Company's ability to meet its obligations as and when they fall due and is considered to be the primary basis for assessing a Company's solvency. There are many elements to consider and we have considered the following:

- EBITDA and profit and loss position – i.e. to assess the Company's ability to generate sufficient cash to meet its obligations
- sources of funding and support by financiers or related entities – i.e. to assess whether the Company had any alternative sources of funding
- trade creditor ledgers and information (including ageing profile) – i.e. to assess whether the Company had been meeting its payments on time
- statutory liability position - i.e. whether the Company had been meeting its statutory liabilities
- liquidity ratios and levels of working capital to assess – i.e. whether the Company had sufficient liquidity to meet its liabilities in the short term
- the existence of other indicia of insolvency

Ongoing Trading Losses

For the purposes of assessing the solvency of the Company, we have reviewed the monthly earnings profile over the period of 1 January 2016 to 31 December 2020.

As shown in the below graph, the Company accumulated losses over the period, totalling \$31.748m.



Source: Autocare management accounts

With respect to the above graph we note the following:

- The Company experienced significant trading losses from at least January 2017.
- In particular, the Company experienced successive trading losses, since 1 January 2018, with 33 out of 36 months being loss making.
- In the 3 months since 1 January 2018 where there was a net profit, the net profit was negligible.
- Preliminary investigations indicate the trading losses were predominately due to the loss of key contracts, declining contractual revenue (as demand for vehicle storage declined), challenging market conditions as a consequence of COVID-19 and a significant fixed cost base.

We note we have not made any adjustments in relation to the impact of AASB 16 from 1 January 2019 because this adjustment was made during the auditing process. Its impact was material, as it relates to the leases of subcontractors, and therefore caution should be taken when comparing the financial results pre and post AASB 16. As such we have prepared them on a like for like basis.

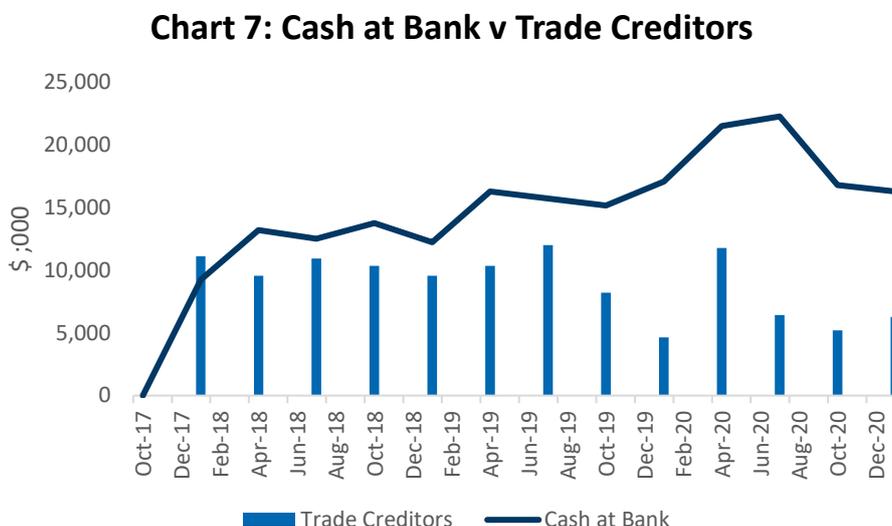
We note that the above indicates the Company was not generating sufficient cash from day to day operations to meet its liabilities from as early as January 2017.

Access to funding

LCCG provided ongoing financial support to the Company, pursuant to four loan agreements, including a Working Capital Loan Agreement with an uncapped limit.

| Loan Description | Loan Amount |
|----------------------------------|--------------|
| Asciano agreement | \$44,000,000 |
| NYK agreement | \$11,000,000 |
| Working capital agreement | Uncapped |
| Deed of obligation and indemnity | |

The Company drew down on the Working Capital facility on a regular basis from October 2018 onwards in order to meet its debts as and when they fell due. This is evidenced by the increasing balance under the Working Capital facility, the level of cash at bank held by the company and the trade creditor balance:



Source: Autocare management accounts

The above graph indicates that notwithstanding the trading losses being incurred:

- The company had positive liquidity (cash at bank) on a month to month basis
- Trade creditors continued to be paid within terms on a month to basis; and
- The above was primarily funded by drawdowns from the Working Capital facility

We also note that at the time of our appointment:

- there were no material overdue wages owing to employees
- other statutory payments (GST/PAYG, workers compensation insurance, payroll tax and superannuation) were largely up to date

This analysis evidences the reliance the Company had on the Working Capital facility in order to maintain solvency.

However:

- At or around 28 January 2021, LCCG indicated that ongoing support under the Working Capital Agreement had been withdrawn, and therefore, from that point on, the Company was unable to continue to fund its trading losses
- During December 2020 and January 2021, the Director had sought advice from the Company’s advisors regarding the likelihood of the Company being able to source external funding in the event access to the Working Capital facility was subsequently made unavailable. This advice concluded the ability for the Company to obtain external debt funding would be extremely challenging, if not impossible.
- We have considered the ability of the Company to obtain further external funding. We concur with the advice given to the Director as:

Appendix 3 – Investigations – analysis and information

- The estimated realisable assets of the Company are substantially less than the \$116 million of secured debt owing by the Company to LCGG.
- The existing GSD in favour of LCGG granted security over all present and after acquired property of the Company to secure debts owing under the working capital agreement. Accordingly, an alternative financier would be required to accept a second ranking security position.
- The trading performance and liquidity ratios of the Company would unlikely be attractive to a financier.

Consequently, at the time the Working Capital facility was withdrawn, we consider the Company moved into a position of insolvency.

Solvency review – balance sheet test

**Table 21: Autocare Services Pty Ltd (Administrators Appointed)
Summary Balance Sheet**

| \$000's | FY16 | FY17 | FY18 | FY19 | FY20 ¹ |
|--------------------------|----------------|----------------|----------------|-----------------|-------------------|
| Current Assets | 43,153 | 53,739 | 41,864 | 47,262 | 39,709 |
| Noncurrent Assets | 90,746 | 87,095 | 84,002 | 495,126 | 389,890 |
| Total Assets | 133,899 | 140,834 | 125,866 | 542,388 | 429,599 |
| Current Liabilities | 42,420 | 70,084 | 112,553 | 77,529 | 85,838 |
| Noncurrent Liabilities | 53,878 | 50,165 | 856 | 496,562 | 390,492 |
| Total Liabilities | 96,298 | 120,249 | 113,409 | 574,091 | 476,330 |
| Net Assets | 37,601 | 20,585 | 12,457 | (31,703) | (46,730) |

Source: Autocare Audited Financial Statements FY17, Autocare Audited Financial Statements FY18, Autocare Audited Financial Statements FY19

Note¹: Audited financials were not available at the time of this report. Management trial balances were used to compute FY20 figures.

Net Asset Deficiency

The Company's net asset surplus position deteriorated between FY16 and FY18, and subsequently the Company reported a net asset deficiency from FY19 onwards, as a consequence of the continuing trading losses referred to above.

In addition to the net asset deficiency, the Company had an ongoing current ratio of less than 1 from FY17 onwards:

Table 22: Autocare Services Pty Ltd (Administrators Appointed)

| Current Ratio | | | | | |
|----------------------|-------------|-------------|-------------|-------------|-------------------|
| \$000's | FY16 | FY17 | FY18 | FY19 | FY20 ¹ |
| Current Assets | 43,153 | 53,739 | 41,864 | 47,262 | 39,709 |
| Current Liabilities | 42,420 | 70,084 | 112,553 | 77,529 | 85,838 |
| Current Ratio | 1.02 | 0.77 | 0.37 | 0.61 | 0.46 |

Source: Autocare Audited Financial Statements FY17, Autocare Audited Financial Statements FY18, Autocare Audited Financial Statements FY19

Appendix 3 – Investigations – analysis and information

Note¹: Audited financials were not available at the time of this report. Management trial balances were used to compute FY20 figures.

The current ratio is an indication of the Company to meet its short-term obligations from assets on the balance sheet that are able to be realised in a short space of time (or from day to day operations). The deficiency in the current ratio supports the position outlined above in Section 13.2.1 whereby the Company was reliant on the existence of the Working Capital facility to meet those short-term obligations.

Consequently, while the balance sheet position of the company indicates a net asset deficiency (i.e. that the company was unable to meet its liabilities from realisation of its assets and was therefore balance sheet insolvent), this needs to be taken in the context of the ongoing existence of working capital support from a related party.

Other factors

We have considered a range of other factors in assessing the solvency, with reference to the ASIC guidelines, as follows:

- Inability to produce timely and accurate financial information to display the company's trading;
- Trade creditors – aging and special arrangements; and
- Material uncertainty relating to going concern.

Inability to produce timely and accurate financial information to display the company's trading; Performance and financial position, and make reliable forecasts

- The Company prepared monthly management accounts and cash flow information for the monthly Board Meeting and the financial information of the Group has proven to be largely accurate.
- This factor was not evident prior to our appointment.

Trade Creditors – aging and special arrangements

We have reviewed the Company's aged creditor listings and overdue creditor ledger for the period from January 2020 onwards and note the following:

**Table 23: Aged Payables
Jan-20 to May-20**

| Time Point | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 |
|--------------|------------------|------------------|------------------|-------------------|-------------------|
| Current | 4,500,497 | 6,960,468 | 6,650,967 | 7,912,987 | 5,134,762 |
| 1-30 days | 51,308 | 1,375,656 | 1,547,691 | 3,600,533 | 2,540,719 |
| 30+ days | (501) | (12,141) | 181,389 | 205,143 | 3,014,863 |
| Total | 4,551,304 | 8,323,983 | 8,380,047 | 11,718,663 | 10,690,345 |

Source: Autocare Accounts Payable Aging Balance Reports

**Table 24: Aged Payables
Jun-20 to Oct-20**

| Time Point | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 |
|--------------|------------------|------------------|------------------|------------------|------------------|
| Current | 5,538,621 | 1,405,652 | 2,503,161 | 4,833,884 | 3,280,326 |
| 1-30 days | 1,385,991 | 2,289,775 | 2,713,439 | (207,654) | 2,036,211 |
| 30+ days | 2,540,802 | 2,695,047 | 16,623 | 173,294 | (190,909) |
| Total | 9,465,414 | 6,390,474 | 5,233,224 | 4,799,524 | 5,125,628 |

Source: Autocare Accounts Payable Aging Balance Reports

**Table 25: Aged Payables
Nov-20 to Feb-21**

| Time Point | Nov-20 | Dec-20 | Jan-21 | Feb-21 |
|--------------|------------------|------------------|------------------|------------------|
| Current | 3,629,008 | 3,741,245 | 3,689,486 | 2,576,081 |
| 1-30 days | 1,850,312 | 2,224,400 | 2,559,478 | 4,899,425 |
| 30+ days | 26,665 | 9,225 | (3,233) | 82,563 |
| Total | 5,505,985 | 5,974,869 | 6,245,731 | 7,558,069 |

Source: Autocare Accounts Payable Aging Balance Reports

This indicates:

- Creditor balances and aging were largely consistent across the period, evidencing the ongoing payment of creditors as and when they fell due.
- The spike in February 2021 is indicative of the appointment of voluntary administrators being appointed immediately after month end, thereby causing an automatic roll over of “current” to “1-30 days” and is not indicative of ongoing or significant stretching of creditors.
- At the date of appointment, creditors in the overdue category predominately relate to landlord creditors, relating to February rent. It was noted in the Board of Meeting Minutes of 3 February 2021, that the Company decided to defer payment to landlords, that were due in the first week of February, whilst alternative funding options were being explored. The majority of these were subsequently paid in the Administration.
- Our review of the available information reveals no evidence of creditors pressuring the Company to settle outstanding accounts, nor is there any evidence of enforcement or legal action taken by any creditor.
- We understand that the Company requested rent relief from Port of Brisbane at or around July 2020, because of the financial impact of COVID-19. Under the terms of the Deed of Variation, the Company was entitled to defer payment of the deferred rent until 1 July 2021. We are not aware of any additional special arrangements with creditors.

No material uncertainty relating to going concern

In relation to the FY19 financial statements (dated 29 May 2020):

- Note 1(s) disclosed that the special purpose financial statements had been prepared on a going concern basis because of the following factors:
 - the Company had received a letter of support from LCCG; and
 - the Company had immediate access to additional cash through a working capital facility with LCCG.
- The Company’s auditors Deloitte included an “emphasis of matter” in relation to the above point regarding the ability of the Company to continue as a going concern but did not modify their opinion in respect of this matter.

We have been advised by management that the FY20 financial statements have not been finalised at the date of this report but anticipate a similar position would have been adopted.

The above approach is consistent with our view regarding the ongoing solvency of the Company.

Conclusion

Based on the above analysis, our preliminary view is that the Company may have been insolvent from 28 January 2021, just prior to the appointment of Administrators.

The primary reasons for this preliminary view are set out below:

- The Company experienced significant trading losses from at least January 2017. We note a number of customer contracts were lost between FY16 and FY19 (refer **Section 5**).
- The Company had a net asset deficiency since at least FY19 and the Company's current ratio was below 1 since FY17. A current ratio below 1 indicates that the Company had difficulty meeting its short-term obligations.
- LCCG provided ongoing financial support to the Company pursuant to a number of loan agreements, including a working capital agreement pursuant to which a working capital line of credit was provided (with an uncapped limit, reviewed monthly). The Company received ongoing letters of support from LCCG with regards to the working capital facility, which allowed access to ongoing financial support to fund the operations of the Company.
- A review of the Company's records confirm that the Director was frequently monitoring the Company's cashflow in 2020.
- During December 2020 and January 2021, the Company sought external advice in respect of the likelihood of the Company sourcing external funding and the external advice ultimately concluded that it would be extremely difficult, if not impossible, to obtain.
- The Company's solvency was dependent on the ongoing financial support by LCCG. On 21 December 2020 LCCG provided the Company with a letter of support which indicated the financial support by LCCG would continue.
- At or around 28 January 2021, LCCG indicated to the Company that ongoing support under the Working Capital Agreement had been withdrawn.
- Trade creditors were predominately paid within terms until the financial support was revoked at or around 28 January 2021 and outstanding trade creditors were primarily landlords pursuant to which there were rent relief arrangements.
- At or around 3 February 2021, following the withdrawal of the letter of support on 28 January 2021, the Company's director formed the view that the Company would not be able to source alternate funding and the Company was likely to become insolvent at a future date; and
- Subsequently, the Company appointed Administrators on 4 February 2021.

13.3. Voidable Transactions

We set out below our preliminary findings in relation to potential recoveries from voidable transactions in a liquidation scenario, including our view on the likelihood of there being substantiated and supportable claims. Where applicable, we have included our estimate of possible recoveries along with any other pertinent information.

| Area | Our view | Comments |
|------------------------------------|----------------|--|
| Unfair preferences | Possible Claim | <ul style="list-style-type: none"> ■ We have reviewed the payments made by the Company during the period leading up to appointment, considering the potential date of insolvency of the Company. We have not identified any payments which may constitute an unfair preference payment to ordinary unsecured creditors. ■ However, we have identified a potential unfair preference claim in relation to the granting of security to LCCG for previously unsecured amounts within the relation back period (refer Section 7.5.1 for further details). ■ Further investigations, in relation to the granting of the security, whether the Company was insolvent at the time of the granting of security, and any potential defences LCCG may have, would need to be undertaken should the Company be placed into liquidation but our preliminary view is that there would not likely be any recovery from pursuing this claim. |
| Uncommercial transactions | Possible Claim | <ul style="list-style-type: none"> ■ We have identified a potential uncommercial transaction in connection with a series of arrangements that were entered into by the Company with LCCG in or around 23 December 2020. ■ Further investigation would be required to consider whether the Company was insolvent at the time of the transaction and to balance the benefits and detriments of the Company entering in the transaction, should a Liquidator be appointed but our preliminary view is that there would not likely be any recovery from pursuing this claim. |
| Unfair loans | No claims | <ul style="list-style-type: none"> ■ We are not aware of any potential unfair loans that would likely result in property being recovered for the benefit of creditors. |
| Unreasonable payments to directors | No claims | <ul style="list-style-type: none"> ■ Our investigations to date have not found any evidence of unreasonable payments to directors. |
| Related entity benefit | No claims | <ul style="list-style-type: none"> ■ Our investigations to date have not revealed any transactions with related entities that would likely result in property being recovered for the benefit of creditors, other than the potential unfair preference and uncommercial transaction outlined above. |

Appendix 3 – Investigations – analysis and information

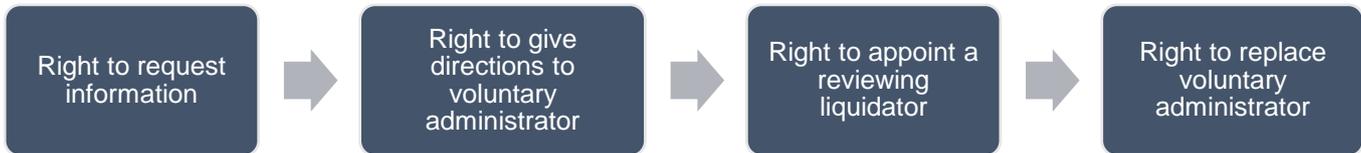
| Area | Our view | Comments |
|---|----------------|---|
| Arrangements to avoid employee entitlements | No claims | <ul style="list-style-type: none"> ■ Our investigations to date have not revealed the existence of any such arrangements. |
| Voidable charges | Possible Claim | <ul style="list-style-type: none"> ■ We have identified a potential claim to set aside the circulating security interest created as part of the December Transaction with LCCG, although there appears to be limited utility in a Liquidator bringing such a claim against LCCG. |
| Offences by directors | None | <ul style="list-style-type: none"> ■ Based on our investigations to date, it does not appear that offences have been committed by the directors. In particular, we note: <ul style="list-style-type: none"> — the Directors and officers of the Company relied on cash-flow forecasts and sought advice from external consultants in making their decisions; — Prior to 28 January 2021, the Directors and officers may have held a reasonable belief that the funding support provided by LCCG would be sufficient to provide the Company with the funding to continue operations whilst the restructure was complete; — Shortly after LCCG withdraw ongoing funding support, on 28 January 2021 the Company’s Director formed a view that the Company was likely to become insolvent; and — The Company’s director appointed administrators shortly after forming that view. In making this decision, we understand the Company’s director took into consideration his duty to prevent insolvent trading. It does not appear any material debts were incurred during the period prior to appointment. ■ We note this is a preliminary view, and further analysis would be required if the Company was placed into Liquidation. |

14. Appendix 4 – Creditor Information Sheet

(This section is left blank intentionally)

Creditor Rights in Voluntary Administrations

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



Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

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

A voluntary administrator 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 voluntary administrator 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:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

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

An individual creditor cannot provide a direction to a voluntary administrator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. 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 voluntary administration, in priority to creditor claims.

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

Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

**For more information, go to www.arita.com.au/creditors.
Specific queries about the voluntary administration should be directed to the voluntary administrator's office.**

15. Appendix 5 – DIRRI

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DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

AUTOCARE SERVICES PTY LIMITED (ADMINISTRATORS APPOINTED)

ACN 004 497 607

(“THE COMPANY”)

The purpose of this document is to assist creditors with understanding any relevant relationships that we have with parties who are closely connected to the Company and any indemnities or upfront payments that have been provided to us. None of the relationships disclosed in this document are such that our independence is affected.

This information is provided so you have trust and confidence in our independence and, if not, you can ask for further explanation or information and can act to remove and replace us if you wish.

This declaration is made in respect of ourselves, our fellow Senior Managing Directors/Managing Directors, FTI Consulting (Australia) Pty Ltd (FTI Consulting or Firm) and associated entities.

We are Professional Members of the Australian Restructuring Insolvency and Turnaround Association (ARITA). We acknowledge that we are bound by the ARITA Code of Professional Practice.

Independence

We have assessed our independence and we are not aware of any reasons that would prevent us from accepting this appointment.

There are no other known relevant relationships, including personal, business and professional relationships that should be disclosed beyond those we have disclosed in this document.

Circumstances of appointment

How we were referred this appointment

This appointment was referred to FTI Consulting by Colin Biggers Paisley, a law firm acting under the instruction of Linx Cargo Care Group Pty Limited (“Linx Cargo Care”), the parent company and major secured creditor of the Company.

We consider that this referral does not result in us having a conflict of interest or duty because:

- There have been no previous referrals from referrer.

- Referrals from company associates do not impact on our independence in carrying out our duties as Voluntary Administrators.
- There is no expectation, agreement or understanding between the Voluntary Administrators, the Company and Linx Cargo Care about the conduct of this administration and we are free to act independently and in accordance with the law and the requirements of the ARITA Code of Professional Practice.

Did we meet with the Company and / or their advisers before we were appointed?

Yes No

FTI Consulting, the Company, Linx Cargo Group and its advisors met/corresponded during the period from 17 December 2020 through to 3 February 2021. These meetings/communications are detailed in Annexure A.

- FTI Consulting was engaged by the Company on 24 December 2020 to provide professional services involving pre appointment advice and planning with respect to a contemplated external administration.
- We received an upfront payment into our trust account on 12 January 2021 of \$40,000.00 (excluding GST) from Linx Cargo Care for this work. The engagement commenced after this date and continued up to the date prior to our appointment on 3 February 2021.
- The meetings and emails outlined in Annexure A were for the purposes of:
 - obtaining sufficient information about the Company to enable discussion around the financial position of the Company outlining the process following the appointment of Voluntary Administrators:
 - us providing a Consent to Act: and
 - engaging in acts preparatory in relation to providing information to the Company’s leadership team as to the impact to the Company of the appointment of Voluntary Administrators.
- In our opinion, the communications with the Company and Linx Cargo Care, and receipt of the up-front fee for this work, do not affect our independence for the following reasons:
 - No advice or reporting has been given to the Company, its management, or associates (including Linx Cargo Care) in relation to the Company’s affairs or the Company’s solvency. The work performed related solely to understanding the financial affairs, operations and planning the appointment.
 - The Courts and relevant professional bodies recognise the need to adequately plan the insolvency process and the options available and do not consider that such an engagement results in a conflict or is an impediment to accepting the appointment.
 - The nature of the engagement provided to the Company and the upfront fee received is such that it would not be subject to review and challenge during the course of our appointment.
 - No advice has been given to the directors in their capacity as directors of the Company, or in relation to their personal circumstances.
 - The upfront fee received was limited to undertaking planning work only. It was received in advance of work being performed and was paid by the parent company, Linx Cargo Care.
 - The pre-appointment engagement will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the appointment as Voluntary Administrators in an objective and impartial manner.

We have provided no other information or advice to the Company's director prior to our appointment beyond that outlined in this DIRRI.

Declaration of Relationships

Other than disclosed above within the previous 2 years we or our firm have had a relationship with:

| | | |
|--|------------------------------|--|
| The Company | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| The directors | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Any associates of the Company? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| A former insolvency practitioner appointed to the Company? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| A secured creditor entitled to enforce a security over the whole or substantially the whole of the Company's property? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Do we have any other relationships that we consider are relevant to creditors assessing our independence?

Yes No

Indemnities and up-front payments

We have not received any up-front payments or indemnities for this appointment. This does not include any indemnities I may be entitled to under the law.

Dated 6 April 2021



Christopher Hill



Joseph Hansell



Ross Blakeley

Notes:

- 1. The assessment of independence has been made based on an evaluation of the significance of any threats to independence and in accordance with the requirements of the relevant legislation and professional Standards.*
- 2. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 or Bankruptcy Act and ARITA's 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. For creditors' voluntary liquidations and voluntary administrations, this document and any updated versions of this document are required to be lodged with ASIC.*

Annexure A

Interactions between FTI Consulting staff and Company representatives/other third parties during the period 17 December 2020 – 3 February 2021

The following is a schedule of meetings/correspondence which took place during the period 17 December 2020 – 3 February 2021. All meetings had the duration of approximately one hour or less, and are summarised as follows:

| Date | Medium | FTI Consulting attendees | External attendees | Agenda/purpose/discussion |
|--------------|-------------------------|--|--|---|
| 17 / 12 / 20 | Email | Joseph Hansell | Linx Cargo Care Group | <ul style="list-style-type: none"> Approached to potentially act as Voluntary Administrators of the Company |
| 24 / 12 / 20 | Email | Joseph Hansell | Autocare Services Pty Limited | <ul style="list-style-type: none"> Executed a Letter of Engagement to provide Pre-Appointment Advice and Planning with respect to the potential formal restructure of the Company involving a voluntary administration |
| 14 / 01 / 21 | Microsoft Teams meeting | Chris Hill Joseph Hansell Patrick O'Brien Matthew O'Keefe | Greg McLane Andrew Simpson Christopher Simpson Eliza Anning Simon Abela Natalie Ward Joe Berlingeri Shannon Eagles Lauren Bright | <ul style="list-style-type: none"> Provided information regarding the voluntary administration process and the impact on employees, contractors and suppliers |
| 15 / 01 / 21 | Microsoft Teams meeting | Chris Hill Joseph Hansell Patrick O'Brien Matthew O'Keefe | Greg McLane Christopher Simpson Eliza Anning Andrew Batch Lauren Bright Anthony Jones Jeff Kendrew Scott Hedge Shayne Dube | <ul style="list-style-type: none"> Discussed the Company's historical and future cash flows |

| | | | | |
|--------------|-------------------------|--|---|---|
| 15 / 01 / 20 | Microsoft Teams Meeting | Chris Hill Joseph Hansell Patrick O'Brien Matthew O'Keefe | Greg McLane Simon Abela Samuel Boardman Natalie Ward Shannon Eagles Emma Porteous Seta Samimi Lauren Bright Christopher Simpson Steven Doherty Scott Hedge | <ul style="list-style-type: none"> Discussed impact and proposed communications to staff, sub-contractors and customers should the appointment of a voluntary administrators take place |
| 15 / 01 / 21 | Microsoft Teams Meeting | Chris Hill Joseph Hansell Patrick O'Brien Matthew O'Keefe Glen Smith | Greg McLane Eliza Anning Simon Abela Samuel Boardman Natalie Ward Shannon Eagles Lauren Bright Christopher Simpson Andrew Batch Dion Bond Anthony Jones Elias Anastasiou Steven Doherty Scott Hedge Shayne Dube | <ul style="list-style-type: none"> Discussed Company's real property portfolio and business operations |
| 18 / 01 / 21 | Microsoft Teams Meeting | Chris Hill Joseph Hansell Patrick O'Brien Matthew O'Keefe | Greg McLane Eliza Anning Simon Abela Samuel Boardman Lauren Bright Christopher Simpson Andrew Batch Andrew Simpson | <ul style="list-style-type: none"> Discussed the Company's historical financial statements, including key suppliers, supplier terms and nature of shared services with Linx Cargo Care Group |

| | | | | |
|--------------|-------------------------|--|--|---|
| | | | Anthony Jones Wayne Hicks Scott Hedge Shayne Dube | |
| 20 / 01 / 21 | Microsoft Teams Meeting | Chris Hill Joseph Hansell Patrick O'Brien Matthew O'Keefe | Greg McLane Eliza Anning Lauren Bright Christopher Simpson Andrew Batch Andrew Simpson Samuel Boardman Natalie Ward Scott Hedge Shayne Dube | <ul style="list-style-type: none"> Discussed the Company's operations |
| 21 / 01 / 21 | Microsoft Teams Meeting | Matthew O'Keefe | Christopher Simpson Greg McLane Shayne Dube Michael Townshend | <ul style="list-style-type: none"> Discussed the Company's financial modelling and cash flow forecasts |
| 21 / 01 / 21 | Microsoft Teams Meeting | Joseph Hansell Patrick O'Brien Matthew O'Keefe | Greg McLane Andrew Simpson Eliza Anning Lauren Bright Christopher Simpson Peter Seaman Simon Abela | <ul style="list-style-type: none"> Discussed the Company's environmental and workplace health and safety policies |
| 22 / 01 / 21 | Microsoft Teams Meeting | Chris Hill Joseph Hansell Patrick O'Brien Matthew O'Keefe | Andrew Batch Eliza Anning Lauren Bright Greg McLane Christopher Simpson | <ul style="list-style-type: none"> Discussed the Company's import / export and freight forwarding business, its history and operations |
| 27 / 01 / 21 | Microsoft Teams Meeting | Matthew O'Keefe Marial Kwan | Andrew Batch Eliza Anning Christopher Simpson | <ul style="list-style-type: none"> Discussed the Company's cash flow model, forecast cash usage and associated modelling |

| | | | | |
|--------------|-------------------------|--|---|---|
| 27 / 01 / 21 | Microsoft Teams Meeting | Chris Hill Joseph Hansell Patrick O'Brien Matthew O'Keefe | Andrew Simpson Eliza Anning Lauren Bright Simon Abela Andrew Batch Martin Bourn | <ul style="list-style-type: none"> Discussed the day to day operations of the Company's import / export and freight forwarding business |
| 27 / 01 / 21 | Microsoft Teams Meeting | Patrick O'Brien Matthew O'Keefe Stuart Carson | Shannon Eagles Eliza Anning | <ul style="list-style-type: none"> Discussed the Company's draft communications plan |
| 28 / 01 / 21 | Microsoft Teams Meeting | Chris Hill Joseph Hansell Patrick O'Brien Matthew O'Keefe | Greg McLane Anthony Jones Andrew Simpson Christopher Simpson Andrew Batch Eliza Anning Lauren Bright Shannon Eagles Scott Hedge | <ul style="list-style-type: none"> Discussed the Voluntary Administration / Deed of Company Arrangement process |
| 03 / 02 / 21 | Microsoft Teams Meeting | Chris Hill Joseph Hansell Patrick O'Brien Matthew O'Keefe | Samuel Boardman Natalie Ward Simon Abela Michael Feltscheer Joseph Berlingeri | <ul style="list-style-type: none"> Meeting in relation to the appointment of the Voluntary Administrators and practical considerations for Day One and introduction to the leadership team |

Non FTI Consulting staff positions held at the date of interactions

| Name | Position/title held | Representing |
|--------------------|---|-------------------------------|
| Jeff Kendrew | Director | Autocare Services Pty Limited |
| Simon Abela | Executive General Manager | Autocare Services Pty Limited |
| Natalie Ward | General Manager – Processing and Storage | Autocare Services Pty Limited |
| Samuel Boardman | General Manager – Transport | Autocare Services Pty Limited |
| Joe Berlingeri | National Business Development Manager | Autocare Services Pty Limited |
| Michael Feltscheer | National Customer Manager | Autocare Services Pty Limited |
| Martin Bourn | General Manager – Smith Channon | Autocare Services Pty Limited |
| Lauren Bright | Legal Counsel | Autocare Services Pty Limited |
| Wayne Hicks | Commercial Finance Manager | Autocare Services Pty Limited |
| Anthony Jones | Chief Executive Officer | Linx Cargo Care Group |
| Greg McLane | Manager | Linx Cargo Care Group |
| Andrew Simpson | Chief Operating Officer | Linx Cargo Care Group |
| Chris Simpson | Chief Commercial Officer | Linx Cargo Care Group |
| Andrew Batch | Chief Financial Officer | Linx Cargo Care Group |
| Eliza Anning | Director Corporate Services | Linx Cargo Care Group |
| Shannon Eagles | General Manager Communications | Linx Cargo Care Group |
| Seta Samimi | Human Resources Manager | Linx Cargo Care Group |
| Elias Anastasiou | Property Manager | Linx Cargo Care Group |
| Peter Seaman | Executive General Manager - HSE | Linc Cargo Care Group |
| Emma Porteous | Executive General Manager – Human Resources | Linx Cargo Care Group |
| Steven Doherty | Payroll Officer | Linx Cargo Care Group |
| Dion Bond | Real Estate Manager | Linx Cargo Care Group |
| Scott Hegde | Partner, Colin, Biggers & Paisley (Legal Advisor) | Linx Cargo Care Group |
| Michael Townshend | Moelis Australia (Financial Advisor) | Linx Cargo Care Group |
| Shayne Dube | Moelis Australia (Financial Advisor) | Linx Cargo Care Group |

16. Appendix 6 – Remuneration Approval Report

(This section is left blank intentionally)

11 June 2021



Remuneration Approval Report

Autocare Services Pty Ltd
(Administrators Appointed)
ACN 004 497 607

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Summary

This remuneration approval report provides you with the information that allows creditors to receive to make an informed decision regarding the approval of our remuneration for undertaking the voluntary administration of Autocare Services Pty Ltd (Administrators Appointed) ACN 004 497 607.

We are asking creditors to approve the following remuneration and disbursements:

| Appointment type/Period | Remuneration (excl GST) |
|---|-------------------------|
| Voluntary Administration 04/02/2021 to 09/06/2021 | 2,721,242 |
| Voluntary Administration 10/06/2021 to 22/06/2021 | 200,000 |
| Voluntary Administration (if DOCA approved) 22/06/21 to Execution of DOCA | 20,000 |
| Deed Administrators (if appointed) Execution to the Effectuation of DOCA | 50,000 |
| Deed Administrators (if appointed) In the event the DOCA is not effectuated by 30/06/21 | 10,000 per business day |
| Trustees of Creditors Trust (if appointed) Effectuation of DOCA to finalisation of Trust | 225,000 |
| Liquidation (If Appointed) 22/06/2021 to finalisation | 500,000 |

We estimate that the total cost of this Voluntary Administration will be \$2,921,242. This is an increase to our previous estimate because of the following reasons:

- Key restructuring initiatives involved negotiating with third parties. These negotiations were more involved and took longer than anticipated as multiple rounds of negotiations and board approvals were required. These initiatives included:
 - Securing new terms with go-forward customers;
 - Agreeing and facilitating the optimal operational and financial transition of exiting customers;
 - Negotiating property exits and revised terms;
 - Planning and executing the property transition plan; and
 - Workforce rationalisation.
 - The convening period was extended on two occasions via court applications.
- Additional time was required to negotiate, agree and document a number of critical agreements with LCCG that would ensure the Company could operate as a going concern during the Voluntary Administration. These include the ongoing provision of overhead and corporate services, as well as the Funding Agreement and the required reporting with respect to same.
- Employee and payroll required a higher level of support at the beginning of the appointment.

- The Smith Channon operating business has required additional oversight

Declaration

We, Joseph Hansell, Christopher Hill and Ross Blakeley, of FTI Consulting, have undertaken a proper assessment of the claims for remuneration for the appointment as administrators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration and disbursements claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this appointment and further, that the disbursements that have been incurred in the conduct of the external administration are necessary and proper.

Remuneration sought

| For | Period | Amount \$ (excl GST) | Applicable rates | Timing of payment |
|---|--|--|----------------------------------|---|
| Work already completed | 04/02/2021 to 09/06/2021 | \$2,721,242 | As per the attached hourly rates | Immediately/when funds are available/at the end of the administration |
| Future work to the second meeting of creditors | 10/06/2021 to 22/06/2021 | \$200,000 | As per the attached hourly rates | Immediately/when funds are available/at the end of the administration |
| Voluntary Administration Total | | \$2,921,242 | | |
| Future work from the second meeting of creditors to the execution of the DOCA | 22/06/2021 to Execution of DOCA | \$20,000 | As per the attached hourly rates | Immediately/when funds are available/at the end of the DOCA |
| Future work to the effectuation of the DOCA | Execution to the Effectuation of DOCA | \$50,000 | As per the attached hourly rates | Immediately/when funds are available/at the end of the DOCA |
| Future work to the effectuation of the DOCA | Execution to the Effectuation of DOCA (If Sunset Date of 30 June 2021 is extended) | \$10,000 per business day | As per the attached hourly rates | Immediately/when funds are available/at the end of the DOCA |
| DOCA Total | | \$70,000 (If Sunset Date is not extended) | | |
| Future work to the closure of the Trust | Commencement of Trust to Final Distribution | \$225,000 | As per the attached hourly rates | Immediately/when funds are available/at the end of the trust distribution |

| | | | | |
|---|---|------------------|---|---|
| Trustee Total | | \$225,000 | | |
| Future work to the end of the liquidation | 23 June 2021 to Finalisation of Liquidation | \$500,000 | <i>As per the attached hourly rates</i> | <i>Immediately/when funds are available/at the end of the liquidation</i> |
| Liquidator Total | | \$500,000 | | |

Details of the work already done and future work that we intend to do are **enclosed** at **Schedule A** should the DOCA be approved.

Details of the work already done and future work that we intend to do are **enclosed** at **Schedule B** should the Company enter liquidation.

Schedule C includes a breakdown of time spent by staff members on each major task for work we have already done.

Actual resolutions to be put to the meeting are included at **Schedule D** for your information. These resolutions also appear in the proxy form provided to you.

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** – these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- **Internal Disbursements** such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

Creditor approval is not required in relation to externally provided professional and non-professional costs or disbursements charged at cost. Where payments to third parties have been made from the bank account of the external administration, those payments are disclosed in the summary of receipts and payments. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in Court.

Creditor approval is not required for payment of internal disbursements which have been charged at cost. Internal disbursements not charged at cost, however, must be approved by creditors before we can draw the cost of those disbursements from this external administration. As we have chosen not to charge the external administration for internally-generated FTI disbursements where they have not been charged at cost (such as internal photocopying and printing charges for the use of FTI’s photocopiers, printers etc), this approval is not required.

Notwithstanding that the following disbursements have been charged at cost and do not need to be approved by creditors before we can draw the costs of these disbursements from this external administration, we have set out in the table below a list of disbursements incurred in the external administration to date.

Table 1: Disbursements incurred to Date

| Disbursements Claimed | Basis of Charge excl GST | Amount excl GST \$ |
|---|--------------------------|--------------------|
| Advertising | At Cost | 14,681 |
| Electronic Subscription Services | At Cost | 1,682 |
| Mileage | At prescribed ATO rates | 1,008 |
| Postage | At Cost | 293 |
| Printing - Outsourced | At Cost | 351 |
| Search Fees | At Cost | 369 |
| Staff Travel - Accommodation, Meals | At Cost | 7,869 |
| Stationery and Other Incidental Disbursements | At Cost | 340 |
| Total | | 26,593 |

Likely impact on dividends

The Act sets the order for payment of claims against the Company and it provides for remuneration of the Voluntary Administration to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrators receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- Realisations to date;
- Estimated future realisations;
- Estimated remuneration to complete the Administration; and
- The estimated total of creditor claims based on the Company's records and claims lodged.

There are not expected to be sufficient funds to pay a dividend to unsecured creditors should the Company enter into liquidation.

Summary of receipts and payments

A summary of the receipts and payments for the Administration can be found in **Section 6** of the Administrators' report.

Queries

Further supporting documentation for our remuneration claim can be provided to creditors on request.

You can also access information which may assist you on the following:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for INFO 85).

If you have any queries in relation to the information in this report, please contact this office on 02 8247 8000 or by email at ACS@Fticonsulting.com.

Yours faithfully



Joseph Hansell

Joint and Several Administrator

Attachments:

Schedule A – Details of Work – DOCA Scenario

Schedule B – Details of Work – Liquidation Scenario

Schedule C – Time spent by staff on each major task (work already done)

Schedule D – Resolutions

Schedule E – FTI Consulting schedule of rates (Corporate Finance and Restructuring and Strategic Communications)

Schedule A – Details of work – DOCA and Creditor Trust Scenario

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|---|--|--|--|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| Amount \$ (excl GST) | \$2,721,242 | \$200,000 | \$20,000.00 | \$50,000.00 | \$225,000.00 |
| | | | | | |
| Assets | 574 hours \$302,033 | 50 hours \$20,000 | 20 hours \$8,000 | 25 hours \$10,000 | 0 hours \$0 |
| Cash and Bank Accounts | <ul style="list-style-type: none"> Communicated with major Banks regarding appointment Opened a Voluntary Administration bank account Reconciled bank accounts on a weekly basis Arranged regular sweeps of the pre-appointment ANZ bank accounts to the Administrators bank account | <ul style="list-style-type: none"> Reconcile bank accounts on a week Arrange regular sweeps of the pre-appointment ANZ bank accounts to the Administrators bank account | | <ul style="list-style-type: none"> Open Creditors Trust bank account Communications with Banks to transfer funds Arrange distribution payments from the bank account | |
| Sale of business as a going concern / DOCA Proposal | <ul style="list-style-type: none"> Liaised with company staff regarding data for virtual data room Collated and verified data to create and add to virtual data room Prepared and reviewed an information memorandum Drafted advertisement for publication in AFR | <ul style="list-style-type: none"> Corresponding with LCCG and lawyers regarding final terms and condition precedents Finalisation and signing of Deed of Company Arrangement and Creditors Trust Deed | <ul style="list-style-type: none"> Corresponding with LCCG and lawyers regarding final terms and condition precedents Finalisation and signing of Deed of Company Arrangement and Creditors Trust Deed | <ul style="list-style-type: none"> Calculation and monitoring of final accounts Remit working capital funds to Company and retain funds for outstanding liabilities | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|---|-----------------------------|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> ■ Received and responded to queries received from 19 interested parties ■ Prepared and issued investment flyer to 13 interested parties ■ Creation and review of non-disclosure agreements ■ Reviewed stage one non-binding indicative sale offers from interested parties ■ Multiple meetings with short-listed interested parties ■ Reviewed and assessed multiple final offers ■ Discussions with LCCG regarding DOCA proposal ■ Received and reviewed DOCA proposal ■ Drafted DOCA specific information for second creditors report | | | | |
| Plant & equipment | <ul style="list-style-type: none"> ■ Reviewed the Company's fixed asset register ■ Conducted motor vehicle searches ■ Engaged Slattery auctioneers to conduct a valuation of the assets ■ Received and reviewed the valuation and held discussions | | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|---|--|---|--|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | with Slattery auctioneers regarding the valuation of assets <ul style="list-style-type: none"> ■ Conducted a security review and engaged lawyers with regards to the encumbrance of the P&E ■ Identified and sold surplus P&E during the transition from On-Wharf to Off-Wharf facilities | | | | |
| Real Property | <ul style="list-style-type: none"> ■ Conducted land-title searches ■ Engaged Acumentis to conduct a valuation of the property at Kembla Grange ■ Conducted review of lease documents for the 23 properties leased by the Company ■ Liaised with landlords regarding property leases held by the Company ■ Corresponded with landlords with respect to continued occupation of particular premises ■ Issue notice not to exercise property rights with respect to several properties ■ Rationalisation of properties ■ Preparation for relocation to off wharf model | <ul style="list-style-type: none"> ■ Correspondence with landlords, as required | | <ul style="list-style-type: none"> ■ Correspondence with landlords, as required | <ul style="list-style-type: none"> ■ Correspondence with landlords, as required |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|------------------------------------|--|---|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> ■ Extensive negotiations with landlords regarding new heads of terms | | | | |
| Assets subject to specific charges | <ul style="list-style-type: none"> ■ Reviewed the Company's PPSR register ■ Issued notices to secured parties regarding s275 of the PPSA ■ Correspondence with secured parties and disclaiming where required ■ Arranged for the collection of disclaimed assets | | | | |
| Debtors | <ul style="list-style-type: none"> ■ Reviewed the Company's books and records to determine outstanding amounts owing from debtors ■ Liaised with Company staff and regarding amounts outstanding from debtors ■ Reviewed and assessed debtor ledgers ■ Apportioned pre-appointment and post-appointment debtors ■ Receipted debtor collections and liaised with debtors concerning any disputes ■ Liaised with OEMs regarding debtor amounts and any potential payable amounts | <ul style="list-style-type: none"> ■ Reviewing the Company's books and records to determine outstanding amounts owing from debtors ■ Liaising with Company staff and regarding amounts outstanding from debtors ■ Reviewing and assessing debtor ledgers ■ Apportionment of pre-appointment and post-appointment debtors ■ Receipting debtor collections and liaising with debtors concerning any disputes | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|---|--|--|---|--|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| Other assets | <ul style="list-style-type: none"> Tasks associated with realising other assets including pro-rata workers compensation pre-payment | | | | |
| Creditors | <p>1,197 hours</p> <p>\$503,366</p> | <p>100 hours</p> <p>\$40,000</p> | <p>0 Hours</p> <p>\$0</p> | <p>80 hours</p> <p>\$32,000</p> | <p>512.5 hours</p> <p>\$205,000</p> |
| Creditor Enquiries, Requests & Directions | <ul style="list-style-type: none"> Setup a specific email address for creditor enquiries – ACS@fticonsulting.com Dealt with numerous creditor enquiries from trade creditors, employees, landlords and sub-contractors Considered reasonableness of creditor requests Compiled information requested by creditors Prepared and issues FAQs specific to each creditor group Issued correspondence to trade creditors advising of trading controls and process under Voluntary Administration Responded to creditors and their representative's | <ul style="list-style-type: none"> Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives Considering reasonableness of creditor requests Obtaining legal advice on requests Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors | | <ul style="list-style-type: none"> Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives Considering reasonableness of creditor requests Obtaining legal advice on requests Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|--------------------------------|---|---|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| Secured creditor reporting | <p>enquiries via telephone, Zendesk, email and post</p> <ul style="list-style-type: none"> ■ Notified PPS registered creditors of appointment ■ Investigated validity of PPSR claims and security documentation ■ Liaised with lawyers regarding security documentation received ■ Prepared and provided cash flow summaries to LINX on a weekly basis ■ Met with the secured creditor on a weekly basis to discuss the cashflow reports ■ Responded to secured creditor queries ■ Liaised with secured creditors regarding property subject to their security ■ Corresponded with PPSR charge holders regarding notice not to exercise property rights as required | | | <ul style="list-style-type: none"> ■ Preparing reports to secured creditor regarding any outstanding trading items ■ Responding to secured creditor’s queries | |
| Creditor reports and Circulars | <ul style="list-style-type: none"> ■ Prepared, reviewed and issued initial circular to creditors dated 5 February 2021 ■ Prepared separate correspondence, including FAQs specific to each group of | <ul style="list-style-type: none"> ■ Preparing for second meeting of creditors on 22/06/2021 ■ Prepared Section 75-225 report, investigation, | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|---|--|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <p>creditors including employees, suppliers and subcontractors</p> <ul style="list-style-type: none"> ■ Arranged for distribution of documentation to each party ■ Corresponded with creditors regarding COVID-19 restrictions and virtual meeting procedure and registration requirements ■ Prepared and provided DIRRI and initial advice of remuneration and amending DIRRI ■ Lodged DIRRI and replacement DIRRI ■ Prepared Section 75-225 report, investigation, meeting and report to creditors ■ Provided circulars to creditors in relation to the two applications to extend the convening period | <p>meeting and report to creditors</p> | | | |
| Dealing with proofs of debt | <ul style="list-style-type: none"> ■ Receipted and filed POD for creditor meetings ■ Compiled data required to lodge group PODs on behalf of employee and creditors ■ Maintained POD register ■ Contacted creditors who had registered to attend the first | <ul style="list-style-type: none"> ■ Receipting and filing POD for creditor meetings ■ Compilation of data required to lodge group PODs on behalf of employee and apprentice creditors ■ Maintaining POD register | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|--|---|---|---|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <p>creditors meeting but had not provided a POD</p> <ul style="list-style-type: none"> ■ Liaised with Linx to procure additional Company information to assist quantification of creditor claims ■ Prepared creditor landscape using Company records for the purpose of assessing any DOCA proposal. | <ul style="list-style-type: none"> ■ Contacting creditors who had registered to attend the second creditors meeting but had not provided a POD. ■ Reviewing mitigated claims prior to meeting | | | |
| Dividend Procedures | | | | | <ul style="list-style-type: none"> ■ Preparation of correspondence to creditors advising of intention to declare dividend ■ Advertisement of intention to declare dividend ■ Obtain clearance from ATO to allow distribution of company's assets ■ Preparation of dividend calculation ■ Preparation of correspondence to creditors announcing declaration of dividend ■ Advertise announcement of dividend |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|--|---|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | | | | | <ul style="list-style-type: none"> ■ Preparation of distribution ■ Preparation of dividend file ■ Preparation of payment vouchers to pay dividend ■ Preparation of correspondence to creditors enclosing payment of dividend |
| Meeting of Creditors | <ul style="list-style-type: none"> ■ Prepared meeting notices, proxies, and advertisements ■ Provided notice of meeting to all known creditors ■ Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting ■ Reviewed registration forms, proxies, PODs submitted by creditors ■ Contacted creditors who were missing required documents to attend the meeting, or who had not completed the secondary Zoom registration | <ul style="list-style-type: none"> ■ Preparation of meeting notices, proxies and advertisements ■ Forward notice of meeting to all known creditors ■ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting ■ Holding of second creditors meeting on 22/06/2021 | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|--|---|--|--|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> ■ Convened and held the first meeting of creditors on 16 February 2021 ■ Prepared the minutes of meeting to be lodged with ASIC ■ Corresponded with creditors regarding the registration and attendance at virtual meeting due to COVID-19 restrictions ■ Responded to stakeholder queries and questions immediately following the meeting | | | | |
| Employees | <p style="text-align: center;">211 hours \$121,722</p> | <p style="text-align: center;">50 hours \$20,000</p> | <p style="text-align: center;">0 Hours \$0</p> | <p style="text-align: center;">0 Hours \$0</p> | <p style="text-align: center;">0 Hours \$0</p> |
| Employee enquiries | <ul style="list-style-type: none"> ■ Held various meetings with employees and responded to queries regarding the VA process, trading and entitlements ■ Received and followed up employee enquiries via telephone and email ■ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ■ Preparation of letters to employees advising of their | <ul style="list-style-type: none"> ■ Receive and follow up employee enquiries via telephone ■ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ■ Preparation of letters to employees advising of their entitlements and options available ■ Receive and prepare correspondence in | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|--|---|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | entitlements and options available <ul style="list-style-type: none"> ■ Receive and prepare correspondence in response to employee’s objections to leave entitlements | response to employee’s objections to leave entitlements | | | |
| FEG | <ul style="list-style-type: none"> ■ Issued initial notification to the Attorney General’s Department in relation to FEG and to notify of our decision to trade | | | | |
| Calculation of entitlements | <ul style="list-style-type: none"> ■ Calculating and reviewing employee entitlements for the purposes of the redundancy program ■ Analysis of potential redundancy and other employee entitlements should the company be placed into liquidation. ■ Reviewing employee files and company’s books and records ■ Reconciling superannuation accounts ■ Reviewing awards and EAs ■ Liaising with solicitors (acting for an employee) regarding entitlements | <ul style="list-style-type: none"> ■ Calculating employee entitlements ■ Reviewing employee files and company’s books and records ■ Reconciling superannuation accounts ■ Reviewing awards and EAs ■ Liaising with solicitors regarding entitlements | | | |
| Workers compensation | <ul style="list-style-type: none"> ■ Review insurance policies ■ Receipt of claims | <ul style="list-style-type: none"> ■ Dealing with workers compensation issues, as required | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|--|---|--|--|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> ■ Liaising with claimants ■ Liaising with insurers and solicitors regarding claims ■ Identification of potential issues requiring attention of insurance specialists ■ Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements ■ Correspondence with previous brokers ■ Liaising with solicitors regarding entitlements and claims that occurred during administration period | | | | |
| Other employee issues | <ul style="list-style-type: none"> ■ Correspondence with Child Support ■ Correspondence with Centrelink | <ul style="list-style-type: none"> ■ Dealing with other employee issues, as required | | | |
| Trade On | <p>3,392 hours</p> <p>\$1,547,180</p> | <p>250 hours</p> <p>\$100,000</p> | <p>20 Hours</p> <p>\$8,000</p> | <p>20 Hours</p> <p>\$8,000</p> | <p>0 Hours</p> <p>\$0</p> |
| Trade on – Operations | <ul style="list-style-type: none"> ■ Ongoing attendance at majority of operational sites ■ Conducted process walk-throughs for all the systems used by the Company | <ul style="list-style-type: none"> ■ Liaising with management and staff with respect to critical suppliers and ongoing trade | <ul style="list-style-type: none"> ■ Communicating with suppliers regarding the transfer of control of the business. ■ Closing supplier accounts with the voluntary administrators | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|---|--|--|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> ■ Reviewed internal management approvals ■ Implemented additional controls, where applicable ■ Liaised with management daily in relation to overall trade-on strategy ■ Analysed various options available to assist subcontractors during the VA process ■ Corresponded with subcontractors and the TWU regarding Administration process. ■ Liaised with suppliers regarding ongoing accounts and setting up new accounts where applicable ■ Liaised with management and staff with respect to critical suppliers and ongoing trade ■ Executed trade creditor applications ■ Amended agreements with suppliers and service providers where necessary ■ Negotiated lien and security interest claims by suppliers ■ Secured a funding agreement with LCCG | <ul style="list-style-type: none"> ■ Attendance on site as required ■ Authorising purchase orders ■ Liaised with financial institutions to transfer and/or release cash ■ Reviewing, processing and approving purchase orders for continued operations ■ Maintaining purchase order registry ■ Preparing and authorising receipt vouchers ■ Preparing and authorising payment vouchers ■ Liaising with management to process payroll ■ Confirming the current status of receivables due and payable to the Company. ■ Liaising with the Company on an ongoing basis to verify and reconcile outstanding debtor balances. | <ul style="list-style-type: none"> ■ Finalising trading liabilities relevant to the voluntary administration and delineated between DOCA period and trading costs ■ Liaising with relevant state authorities, including the Office of State Revenue and Centrelink regarding liability of ongoing costs ■ Assisting the transition of control of the Company to director(s) | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|--|--|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> ■ Obtained legal advice in relation to funding agreement ■ Liaised with financial institutions to transfer and/or release cash ■ Reviewed, processed, and approved purchase orders for continued operations ■ Maintained purchase order registry ■ Prepared and authorised receipt and payment vouchers ■ Confirmed the current status of receivables due and payable to the Company ■ Communicated with the processing and storage staff as well as company drivers regarding any changes in operations | <ul style="list-style-type: none"> ■ Processing weekly and monthly payroll for the Company. | | | |
| Trade On - Property | <ul style="list-style-type: none"> ■ Issued initial correspondence to landlords and lessors regarding continued occupation of the various premises managed on appointment ■ Negotiated with landlords and lessors regarding continued occupation and deeds of variation | <ul style="list-style-type: none"> ■ Continue negotiations with outstanding landlords including Port of Brisbane and Perth Airport ■ Continue to pay liabilities associated with period of occupation ■ Liaise with landlords as required | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|--|---|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> ■ Frequent correspondence with landlords and lessors regarding continued operation of their premises ■ Understood ongoing requirements of existing property arrangements ■ Issued notices under Section 443B of the Corporations Act, where necessary ■ Finalised agreements with landlords to defer rental payments ■ Managed anticipated property transactions from operating locations with landlord and occupants. ■ Effect the property transition plan, and facilitate the relocation from the on wharf to the off wharf model. | <ul style="list-style-type: none"> ■ Effect the property transition plan | | | |
| Trade on – Customers | <ul style="list-style-type: none"> ■ Worked with management regarding the initial and ongoing communications with key customers. ■ Liaised with key customers regarding existing contractual agreements and terms. ■ Renegotiated key contracts and where necessary, managed contract exits and provisioned for an adjustment to forecast receipts. | <ul style="list-style-type: none"> ■ Liaise with customers, as required | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|---|--|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> ■ Identified and worked with the “go-forward” customers for the company | | | | |
| Trade On – Employees | <ul style="list-style-type: none"> ■ Liaised with payroll staff regarding the employee entitlements position, awards of the Company and ongoing payroll requirements ■ Arranged for the Company’s payroll system to be decoupled from the group’s wider payroll system ■ Reviewed and processed weekly and monthly payroll for the Company ■ Prepared for reporting Single Touch Payroll ■ Arranged for workers compensation insurance for employees ■ Corresponded with the workers compensation team to process claims / facilitated payment of workers compensation ■ Complied with statutory requirements in relation to PAYG, payroll tax and SGC deductions, as well as single touch payroll reporting ■ Met with employees and prepared various employee updates | <ul style="list-style-type: none"> ■ Liaising with employees, as required ■ Process payroll and associated tasks | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|--|--|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> ■ Attend meetings with employees prior to major changes including Employee consultation regarding redundancies ■ Met with TWU & AMU regarding the employee rationalisation program | | | | |
| Cashflow maintenance | <ul style="list-style-type: none"> ■ Undertook preliminary investigation of the Company's financial position on appointment ■ Assessed the Company's trading performance for the prior week ■ Performed various analysis by reconciling actual trading results against forecasts ■ Reforecast future weeks based on actual results and additional information sourced from the Company ■ Provided detailed commentary and graphs in relation to the week-on-week cash movement and forecast closing cash position ■ Performed various other analysis in relation to analysis the Company's forecast trading position | <ul style="list-style-type: none"> ■ Reviewing company's budgets and financial statements ■ Preparing budgets ■ Preparing weekly financial reports ■ Finalising trading profit or loss ■ Meetings to discuss trading position | <ul style="list-style-type: none"> ■ Preparing weekly financial reports ■ Finalising trading profit or loss ■ Meetings to discuss trading position | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|--|---|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> ■ Ensured compliance with Funding Agreement requirements. ■ Met internally to discuss trading position | | | | |
| Investigations | <p>131 hours</p> <p>\$56,453</p> | <p>0 Hours</p> <p>\$0</p> | <p>0 Hours</p> <p>\$0</p> | <p>0 Hours</p> <p>\$0</p> | <p>0 Hours</p> <p>\$0</p> |
| Conducting investigation | <ul style="list-style-type: none"> ■ Requested access to Company books and records ■ Reviewed Company books and records ■ Obtained backup of Company electronic records ■ Accessed maintenance of books and records ■ Investigated and understood Company nature and history ■ Conducted and summarised statutory searches ■ Preparation of comparative financial statements ■ Preparation of deficiency statement ■ Conducted investigations into potential voidable transactions which may be recoverable in a Liquidation scenario | | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-------------------------------|---|-----------------------------|---|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> ■ Conducted solvency analysis based on financial records ■ Reviewed bank statements and general ledgers for voidable transactions ■ Reviewed related party transactions and associated loan agreements in relation to the December 2020 transaction ■ Investigated potential offences of director ■ Critically reviewed board of directors meetings and other relevant correspondence in relation to the December 2020 transaction ■ Discussed internally the December 2020 transaction ■ Communicated with the secured creditor for further information regarding the December 2020 transaction ■ Liaised with our lawyers in relation to December 2020 transaction, and finalised investigations | | | | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|--|--|---|---|--|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| Administration | 373 hours \$145,628 | 25 hours \$20,000 | 10 Hours \$4,000 | 20 Hours \$8,000 | 50 hours \$20,000 |
| Correspondence | <ul style="list-style-type: none"> ■ General correspondence with various parties | <ul style="list-style-type: none"> ■ General correspondence with various parties | | <ul style="list-style-type: none"> ■ General correspondence with various parties | |
| Document maintenance/file review/checklist | <ul style="list-style-type: none"> ■ First month administration reviews ■ Filed of documents ■ Filed reviews ■ Updated checklists | <ul style="list-style-type: none"> ■ Filing of documents ■ File reviews ■ Updating checklists | | <ul style="list-style-type: none"> ■ Filing of documents ■ File reviews ■ Updating Checklists | |
| Insurance | <ul style="list-style-type: none"> ■ Identified potential issues requiring attention of insurance specialists ■ Corresponded with AJ Gallagher Insurance Brokers regarding initial and ongoing insurance requirements ■ Reviewed insurance policies ■ Corresponded with previous brokers in relation to pre-appointment insurance policies | <ul style="list-style-type: none"> ■ Identification of potential issues requiring attention of insurance specialists ■ Correspondence with insurer regarding initial and ongoing insurance requirements ■ Reviewing insurance policies ■ Correspondence with previous brokers | | | |
| Funds handling | <ul style="list-style-type: none"> ■ Prepared correspondence opening and closing accounts ■ Entered receipts and payments into accounting system ■ Requested bank statements | <ul style="list-style-type: none"> ■ Preparing correspondence opening and closing accounts ■ Entering receipts and payments into accounting system | | <ul style="list-style-type: none"> ■ Preparing correspondence opening and closing accounts ■ Entering receipts and payments into accounting system | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|-----------------------------------|---|---|--|--|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | <ul style="list-style-type: none"> Bank account reconciliations Corresponded with bank regarding specific transfers | <ul style="list-style-type: none"> Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers | | <ul style="list-style-type: none"> Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers | |
| ASIC Forms and lodgements | <ul style="list-style-type: none"> Prepared and lodged ASIC forms including 505, 5011 etc. Corresponded with ASIC regarding DIRRI and other statutory forms | | <ul style="list-style-type: none"> Preparing and lodging ASIC forms including 5011 | <ul style="list-style-type: none"> Preparing and lodging ASIC forms including 505, 5603 etc. Correspondence with ASIC regarding statutory forms | |
| ATO and other statutory reporting | <ul style="list-style-type: none"> Notification of appointment Prepared BAS Completed STP reporting obligations | <ul style="list-style-type: none"> Preparing BAS Completing STP reporting obligations | <ul style="list-style-type: none"> Notification of appointment Preparing BAS Completing STP reporting obligations | <ul style="list-style-type: none"> Preparing BAS Completing STP reporting obligations | |
| Finalisation | | | | <ul style="list-style-type: none"> Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP | <ul style="list-style-type: none"> Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists |
| Planning / Review | <ul style="list-style-type: none"> Discussions regarding status of administration | <ul style="list-style-type: none"> Discussions regarding status of administration | <ul style="list-style-type: none"> Discussions regarding status of administration | <ul style="list-style-type: none"> Discussions regarding status of administration | <ul style="list-style-type: none"> Discussions regarding status of administration |
| Books and records / storage | <ul style="list-style-type: none"> Dealing with records in storage Sending job files to storage | <ul style="list-style-type: none"> Dealing with records in storage | <ul style="list-style-type: none"> Dealing with records in storage Sending job files to storage | <ul style="list-style-type: none"> Dealing with records in storage | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future work to meeting date | Future work from meeting to execution of DOCA | DOCA | Creditor Trust |
|------------------------------------|--|--|---|--|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to the execution of DOCA | Execution to the effectuation of the DOCA | Commencement of Trust to final distribution to creditors |
| | | <ul style="list-style-type: none"> ■ Sending job files to storage | | <ul style="list-style-type: none"> ■ Sending job files to storage | |
| Other professional services | 94 hours \$44,860 | 0 hours \$0 | 0 hours \$0 | 0 hours \$0 | 0 hours \$0 |
| Strategic communications | <ul style="list-style-type: none"> ■ Responding to enquiries from local and national media ■ Preparing messaging and briefing materials for media ■ Media Monitoring ■ Monitoring, preparing messaging and briefing materials for all union related communications | | | | |

Schedule B – Details of work – Liquidation Scenario

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|---|---|--|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| Amount \$ (excl GST) | \$2,721,242 | \$500,000 | \$20,000.00 |
| Assets | 574 hours \$302,033 | 300 hours \$120,000 | 300 hours \$120,000 |
| Cash and Bank Accounts | <ul style="list-style-type: none"> Communicated with major Banks regarding appointment Opened a Voluntary Administration bank account Reconciled bank accounts on a weekly basis Arranged regular sweeps of the pre-appointment ANZ bank accounts to the Administrators bank account | <ul style="list-style-type: none"> Reconcile bank accounts on a week Arrange regular sweeps of the pre-appointment ANZ bank accounts to the Administrators bank account | <ul style="list-style-type: none"> Open Liquidators bank account Communications with Banks to transfer funds Ongoing liaison with ANZ to secure funds release to Administration account Reconciling bank accounts on a weekly basis |
| Sale of business as a going concern / DOCA Proposal | <ul style="list-style-type: none"> Liaised with company staff regarding data for virtual data room Collated and verified data to create and add to virtual data room Prepared and reviewed an information memorandum Drafted advertisement for publication in AFR Received and responded to queries received from 19 interested parties Prepared and issued investment flyer to 13 interested parties Creation and review of non-disclosure agreements | <ul style="list-style-type: none"> Corresponding with LCCG and lawyers regarding final terms and condition precedents Finalisation and signing of Deed of Company Arrangement and Creditors Trust Deed | <ul style="list-style-type: none"> Corresponding with LCCG and lawyers regarding final terms and condition precedents Finalisation and signing of Deed of Company Arrangement and Creditors Trust Deed |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|-------------------------------|---|--|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | <ul style="list-style-type: none"> ■ Reviewed stage one non-binding indicative sale offers from interested parties ■ Multiple meetings with short-listed interested parties ■ Reviewed and assessed multiple final offers ■ Discussions with LCCG regarding DOCA proposal ■ Received and reviewed DOCA proposal ■ Drafted DOCA specific information for second creditors report | | |
| Plant & equipment | <ul style="list-style-type: none"> ■ Reviewed the Company's fixed asset register ■ Conducted motor vehicle searches ■ Engaged Slattery auctioneers to conduct a valuation of the assets ■ Received and reviewed the valuation and held discussions with Slattery auctioneers regarding the valuation of assets ■ Conducted a security review and engaged lawyers with regards to the encumbrance of the P&E ■ Identified and sold surplus P&E during the transition from On-Wharf to Off-Wharf facilities | | <ul style="list-style-type: none"> ■ Engage auctioneers to conduct online auction process ■ Arrange for physical catalogue of P&E ■ Contacting interested parties regarding their interest in purchasing the Company's assets ■ Receiving offers from interested parties for the purchase of assets and negotiate terms ■ Potentially completing sale of business and/or assets ■ Executing sale of assets ■ Liaising with purchaser and legal advisors regarding any potential post-settlement issues relating to the sale of the business and/or assets ■ Distribute net proceeds per s556 of the Act |
| Real Property | <ul style="list-style-type: none"> ■ Conducted land-title searches ■ Engaged Acumentis to conduct a valuation of the property at Kembla Grange | <ul style="list-style-type: none"> ■ Correspondence with landlords, as required | <ul style="list-style-type: none"> ■ Engage in a tender process to engage a real estate agent to effect sale campaign(s) where applicable |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|------------------------------------|---|---|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | <ul style="list-style-type: none"> ■ Conducted review of lease documents for the 23 properties leased by the Company ■ Liaised with landlords regarding property leases held by the Company ■ Corresponded with landlords with respect to continued occupation of particular premises ■ Issue notice not to exercise property rights with respect to several properties ■ Rationalisation of properties ■ Preparation for relocation to off wharf model ■ Extensive negotiations with landlords regarding new heads of terms | | <ul style="list-style-type: none"> ■ Liaising with purchaser and legal advisors regarding any potential post-settlement issues relating to the sale of property ■ Finalise sale campaign and distribute new proceeds to first ranking mortgagee, LCCG |
| Assets subject to specific charges | <ul style="list-style-type: none"> ■ Reviewed the Company's PPSR register ■ Issued notices to secured parties regarding s275 of the PPSA ■ Correspondence with secured parties and disclaiming where required ■ Arranged for the collection of disclaimed assets | | <ul style="list-style-type: none"> ■ Review LCCG security over prime movers and trailers ■ Liaise with LCCG regarding validity of security interest |
| Debtors | <ul style="list-style-type: none"> ■ Reviewed the Company's books and records to determine outstanding amounts owing from debtors ■ Liaised with Company staff and regarding amounts outstanding from debtors ■ Reviewed and assessed debtor ledgers ■ Apportioned pre-appointment and post-appointment debtors ■ Receipted debtor collections and liaised with debtors concerning any disputes | <ul style="list-style-type: none"> ■ Reviewing the Company's books and records to determine outstanding amounts owing from debtors ■ Liaising with Company staff and regarding amounts outstanding from debtors ■ Reviewing and assessing debtor ledgers ■ Apportionment of pre-appointment and post-appointment debtors ■ Receipting debtor collections and liaising with debtors concerning any disputes | <ul style="list-style-type: none"> ■ Receipting debtor collections and liaising with debtors concerning any disputes |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|---|---|--|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | <ul style="list-style-type: none"> ■ Liaised with OEMs regarding debtor amounts and any potential payable amounts | | |
| Other assets | <ul style="list-style-type: none"> ■ Tasks associated with realising other assets including pro-rata workers compensation pre-payment | | <ul style="list-style-type: none"> ■ Identify and realise any other assets |
| Creditors | <p>1,197 hours</p> <p>\$503,366</p> | <p>100 hours</p> <p>\$40,000</p> | <p>300 hours</p> <p>\$120,000</p> |
| Creditor Enquiries, Requests & Directions | <ul style="list-style-type: none"> ■ Setup a specific email address for creditor enquiries – ACS@fticonsulting.com ■ Dealt with numerous creditor enquiries from trade creditors, employees, landlords and sub-contractors ■ Considered reasonableness of creditor requests ■ Compiled information requested by creditors ■ Prepared and issues FAQs specific to each creditor group ■ Issued correspondence to trade creditors advising of trading controls and process under Voluntary Administration ■ Responded to creditors and their representative's enquiries via telephone, Zendesk, email and post | <ul style="list-style-type: none"> ■ Receive and respond to creditor enquiries ■ Maintaining creditor request log ■ Review and prepare initial correspondence to creditors and their representatives ■ Considering reasonableness of creditor requests ■ Obtaining legal advice on requests ■ Documenting reasons for complying or not complying with requests or directions ■ Compiling information requested by creditors | <ul style="list-style-type: none"> ■ Receive and respond to creditor enquiries ■ Maintaining creditor request log ■ Review and prepare initial correspondence to creditors and their representatives ■ Considering reasonableness of creditor requests ■ Obtaining legal advice on requests ■ Documenting reasons for complying or not complying with requests or directions ■ Compiling information requested by creditors |
| Secured creditor reporting | <ul style="list-style-type: none"> ■ Notified PPS registered creditors of appointment ■ Investigated validity of PPSR claims and security documentation | | <ul style="list-style-type: none"> ■ Responding to secured creditor's queries |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|--------------------------------|---|---|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | <ul style="list-style-type: none"> ■ Liaised with lawyers regarding security documentation received ■ Prepared and provided cash flow summaries to LINX on a weekly basis ■ Met with the secured creditor on a weekly basis to discuss the cashflow reports ■ Responded to secured creditor queries ■ Liaised with secured creditors regarding property subject to their security ■ Corresponded with PPSR charge holders regarding notice not to exercise property rights as required | | |
| Creditor reports and Circulars | <ul style="list-style-type: none"> ■ Prepared, reviewed and issued initial circular to creditors dated 5 February 2021 ■ Prepared separate correspondence, including FAQs specific to each group of creditors including employees, suppliers and subcontractors ■ Arranged for distribution of documentation to each party ■ Corresponded with creditors regarding COVID-19 restrictions and virtual meeting procedure and registration requirements ■ Prepared and provided DIRRI and initial advice of remuneration and amending DIRRI ■ Lodged DIRRI and replacement DIRRI ■ Prepared Section 75-225 report, investigation, meeting and report to creditors | <ul style="list-style-type: none"> ■ Preparing for second meeting of creditors on 22/06/2021 ■ Prepared Section 75-225 report, investigation, meeting and report to creditors | <ul style="list-style-type: none"> ■ Preparing Statutory Report by Liquidator, investigation, meeting and general reports to creditors |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|-------------------------------|---|---|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | <ul style="list-style-type: none"> ■ Provided circulars to creditors in relation to the two applications to extend the convening period | | |
| Dealing with proofs of debt | <ul style="list-style-type: none"> ■ Receipted and filed POD for creditor meetings ■ Compiled data required to lodge group PODs on behalf of employee and creditors ■ Maintained POD register ■ Contacted creditors who had registered to attend the first creditors meeting but had not provided a POD ■ Liaised with Linx to procure additional Company information to assist quantification of creditor claims ■ Prepared creditor landscape using Company records for the purpose of assessing any DOCA proposal. | <ul style="list-style-type: none"> ■ Receipting and filing POD for creditor meetings ■ Compilation of data required to lodge group PODs on behalf of employee and apprentice creditors ■ Maintaining POD register ■ Contacting creditors who had registered to attend the second creditors meeting but had not provided a POD. ■ Reviewing mitigated claims prior to meeting | |
| Dividend Procedures | | | |
| Meeting of Creditors | <ul style="list-style-type: none"> ■ Prepared meeting notices, proxies, and advertisements ■ Provided notice of meeting to all known creditors ■ Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting ■ Reviewed registration forms, proxies, PODs submitted by creditors ■ Contacted creditors who were missing required documents to attend the meeting, | <ul style="list-style-type: none"> ■ Preparation of meeting notices, proxies and advertisements ■ Forward notice of meeting to all known creditors ■ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting ■ Holding of second creditors meeting on 22/06/2021 | <ul style="list-style-type: none"> ■ Preparation of meeting notices, proxies and advertisements ■ Forward notice of meeting to all known creditors ■ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting ■ Preparation and lodgement of minutes of meetings with ASIC ■ Responding to stakeholder queries and questions immediately following meeting |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|-------------------------------|--|---|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | <p>or who had not completed the secondary Zoom registration</p> <ul style="list-style-type: none"> ■ Convened and held the first meeting of creditors on 16 February 2021 ■ Prepared the minutes of meeting to be lodged with ASIC ■ Corresponded with creditors regarding the registration and attendance at virtual meeting due to COVID-19 restrictions ■ Responded to stakeholder queries and questions immediately following the meeting | | |
| Employees | <p>211 hours \$121,722</p> | <p>50 hours \$20,000</p> | <p>200 Hours \$80,000</p> |
| Employee enquiries | <ul style="list-style-type: none"> ■ Held various meetings with employees and responded to queries regarding the VA process, trading and entitlements ■ Received and followed up employee enquiries via telephone and email ■ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ■ Preparation of letters to employees advising of their entitlements and options available ■ Receive and prepare correspondence in response to employee's objections to leave entitlements | <ul style="list-style-type: none"> ■ Receive and follow up employee enquiries via telephone ■ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ■ Preparation of letters to employees advising of their entitlements and options available ■ Receive and prepare correspondence in response to employee's objections to leave entitlements | <ul style="list-style-type: none"> ■ Receive and follow up employee enquiries via telephone ■ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ■ Preparation of letters to employees advising of their entitlements and options available ■ Receive and prepare correspondence in response to employee's objections to leave entitlements |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|-------------------------------|--|---|--|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| FEG | <ul style="list-style-type: none"> ■ Issued initial notification to the Attorney General's Department in relation to FEG and to notify of our decision to trade | | <ul style="list-style-type: none"> ■ Correspondence with FEG ■ Preparing notification spreadsheet ■ Preparing FEG quotations and completing FEG questionnaires |
| Calculation of entitlements | <ul style="list-style-type: none"> ■ Calculating and reviewing employee entitlements for the purposes of the redundancy program ■ Analysis of potential redundancy and other employee entitlements should the company be placed into liquidation. ■ Reviewing employee files and company's books and records ■ Reconciling superannuation accounts ■ Reviewing awards and EAs ■ Liaising with solicitors (acting for an employee) regarding entitlements | <ul style="list-style-type: none"> ■ Calculating employee entitlements ■ Reviewing employee files and company's books and records ■ Reconciling superannuation accounts ■ Reviewing awards and EAs ■ Liaising with solicitors regarding entitlements | <ul style="list-style-type: none"> ■ Calculating employee entitlements ■ Reviewing employee files and company's books and records ■ Reconciling superannuation accounts ■ Reviewing awards and EAs ■ Liaising with solicitors regarding entitlements ■ Distribution of employee entitlement under s556 of the Act (where applicable) |
| Workers compensation | <ul style="list-style-type: none"> ■ Review insurance policies ■ Receipt of claims ■ Liaising with claimants ■ Liaising with insurers and solicitors regarding claims ■ Identification of potential issues requiring attention of insurance specialists ■ Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements ■ Correspondence with previous brokers ■ Liaising with solicitors regarding entitlements and claims that occurred during administration period | <ul style="list-style-type: none"> ■ Dealing with workers compensation issues, as required | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|-------------------------------|--|---|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| Other employee issues | <ul style="list-style-type: none"> ■ Correspondence with Child Support ■ Correspondence with Centrelink | <ul style="list-style-type: none"> ■ Dealing with other employee issues, as required | |
| Trade On | 3,392 hours \$1,547,180 | 250 hours \$100,000 | 0 Hours \$0 |
| Trade on – Operations | <ul style="list-style-type: none"> ■ Ongoing attendance at majority of operational sites ■ Conducted process walk-throughs for all the systems used by the Company ■ Reviewed internal management approvals ■ Implemented additional controls, where applicable ■ Liaised with management daily in relation to overall trade-on strategy ■ Analysed various options available to assist subcontractors during the VA process ■ Corresponded with subcontractors and the TWU regarding Administration process. ■ Liaised with suppliers regarding ongoing accounts and setting up new accounts where applicable ■ Liaised with management and staff with respect to critical suppliers and ongoing trade ■ Executed trade creditor applications ■ Amended agreements with suppliers and service providers where necessary ■ Negotiated lien and security interest claims by suppliers | <ul style="list-style-type: none"> ■ Liaising with management and staff with respect to critical suppliers and ongoing trade ■ Attendance on site as required ■ Authorising purchase orders ■ Liaised with financial institutions to transfer and/or release cash ■ Reviewing, processing and approving purchase orders for continued operations ■ Maintaining purchase order registry ■ Preparing and authorising receipt vouchers ■ Preparing and authorising payment vouchers ■ Liaising with management to process payroll ■ Confirming the current status of receivables due and payable to the Company. ■ Liaising with the Company on an ongoing basis to verify and reconcile outstanding debtor balances. ■ Processing weekly and monthly payroll for the Company. | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|-------------------------------|---|---|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | <ul style="list-style-type: none"> ■ Secured a funding agreement with LCCG ■ Obtained legal advice in relation to funding agreement ■ Liaised with financial institutions to transfer and/or release cash ■ Reviewed, processed, and approved purchase orders for continued operations ■ Maintained purchase order registry ■ Prepared and authorised receipt and payment vouchers ■ Confirmed the current status of receivables due and payable to the Company ■ Communicated with the processing and storage staff as well as company drivers regarding any changes in operations | | |
| Trade On - Property | <ul style="list-style-type: none"> ■ Issued initial correspondence to landlords and lessors regarding continued occupation of the various premises managed on appointment ■ Negotiated with landlords and lessors regarding continued occupation and deeds of variation ■ Frequent correspondence with landlords and lessors regarding continued operation of their premises ■ Understood ongoing requirements of existing property arrangements ■ Issued notices under Section 443B of the Corporations Act, where necessary ■ Finalised agreements with landlords to defer rental payments | <ul style="list-style-type: none"> ■ Continue negotiations with outstanding landlords including Port of Brisbane and Perth Airport ■ Continue to pay liabilities associated with period of occupation ■ Liaise with landlords as required ■ Effect the property transition plan | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|-------------------------------|--|--|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | <ul style="list-style-type: none"> ■ Managed anticipated property transactions from operating locations with landlord and occupants. ■ Effect the property transition plan, and facilitate the relocation from the on wharf to the off wharf model. | | |
| Trade on – Customers | <ul style="list-style-type: none"> ■ Worked with management regarding the initial and ongoing communications with key customers. ■ Liaised with key customers regarding existing contractual agreements and terms. ■ Renegotiated key contracts and where necessary, managed contract exits and provisioned for an adjustment to forecast receipts. ■ Identified and worked with the “go-forward” customers for the company | <ul style="list-style-type: none"> ■ Liaise with customers, as required | |
| Trade On – Employees | <ul style="list-style-type: none"> ■ Liaised with payroll staff regarding the employee entitlements position, awards of the Company and ongoing payroll requirements ■ Arranged for the Company’s payroll system to be decoupled from the group’s wider payroll system ■ Reviewed and processed weekly and monthly payroll for the Company ■ Prepared for reporting Single Touch Payroll ■ Arranged for workers compensation insurance for employees ■ Corresponded with the workers compensation team to process claims / facilitated payment of workers compensation | <ul style="list-style-type: none"> ■ Liaising with employees, as required ■ Process payroll and associated tasks | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|-------------------------------|---|--|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | <ul style="list-style-type: none"> ■ Complied with statutory requirements in relation to PAYG, payroll tax and SGC deductions, as well as single touch payroll reporting ■ Met with employees and prepared various employee updates ■ Attend meetings with employees prior to major changes including Employee consultation regarding redundancies ■ Met with TWU & AMU regarding the employee rationalisation program | | |
| Cashflow maintenance | <ul style="list-style-type: none"> ■ Undertook preliminary investigation of the Company's financial position on appointment ■ Assessed the Company's trading performance for the prior week ■ Performed various analysis by reconciling actual trading results against forecasts ■ Reforecast future weeks based on actual results and additional information sourced from the Company ■ Provided detailed commentary and graphs in relation to the week-on-week cash movement and forecast closing cash position ■ Performed various other analysis in relation to analysis the Company's forecast trading position ■ Ensured compliance with Funding Agreement requirements. ■ Met internally to discuss trading position | <ul style="list-style-type: none"> ■ Reviewing company's budgets and financial statements ■ Preparing budgets ■ Preparing weekly financial reports ■ Finalising trading profit or loss ■ Meetings to discuss trading position | |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|-------------------------------|--|------------------------------|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| Investigations | 131 hours \$56,453 | 0 Hours \$0 | 300 Hours \$120,000 |
| Conducting investigation | <ul style="list-style-type: none"> ■ Requested access to Company books and records ■ Reviewed Company books and records ■ Obtained backup of Company electronic records ■ Accessed maintenance of books and records ■ Investigated and understood Company nature and history ■ Conducted and summarised statutory searches ■ Preparation of comparative financial statements ■ Preparation of deficiency statement ■ Conducted investigations into potential voidable transactions which may be recoverable in a Liquidation scenario ■ Conducted solvency analysis based on financial records ■ Reviewed bank statements and general ledgers for voidable transactions ■ Reviewed related party transactions and associated loan agreements in relation to the December 2020 transaction ■ Investigated potential offences of director ■ Critically reviewed board of directors meetings and other relevant correspondence in relation to the December 2020 transaction | | <ul style="list-style-type: none"> ■ Collection of company books and records ■ Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements, company's books and records and Report on Company Affairs and Property ■ Reviewing company's books and records ■ Review and preparation of company nature and history ■ Conducting and summarising statutory searches ■ Review of specific transactions and liaising with directors regarding certain transactions ■ Liaising with directors regarding certain transactions ■ Preparation of investigation file ■ Lodgement of investigation with the ASIC ■ Preparation and lodgement of supplementary report if required |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|---------------------------------|---|------------------------------|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | <ul style="list-style-type: none"> ■ Discussed internally the December 2020 transaction ■ Communicated with the secured creditor for further information regarding the December 2020 transaction ■ Liaised with our lawyers in relation to December 2020 transaction, and finalised investigations | | |
| ASIC Reporting | | | <ul style="list-style-type: none"> ■ Preparing statutory investigation reports ■ Preparing affidavits seeking non-lodgement assistance, if required ■ Liaising with ASIC |
| Dividend | 0 hours \$0 | 0 hours \$0 | 100 Hours \$40,000 |
| Processing proofs of debt (POD) | | | <ul style="list-style-type: none"> ■ Preparation of correspondence to potential creditors inviting lodgement of POD ■ Receipt of POD ■ Maintain POD register ■ Adjudicating POD ■ Request further information from claimants regarding POD <p>Preparation of correspondence to claimant advising outcome of adjudication</p> |
| Dividend Procedures | | | <ul style="list-style-type: none"> ■ Preparation of correspondence to creditors advising of intention to declare dividend ■ Advertisement of intention to declare dividend |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|--|--|---|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | | | <ul style="list-style-type: none"> ■ Obtain clearance from ATO to allow distribution of company's assets ■ Preparation of dividend calculation ■ Preparation of correspondence to creditors announcing declaration of dividend ■ Advertise announcement of dividend ■ Preparation of distribution ■ Preparation of dividend file ■ Preparation of payment vouchers to pay dividend ■ Preparation of correspondence to creditors enclosing payment of dividend |
| Administration | 373 hours \$145,628 | 25 hours \$20,000 | 50 hours \$20,000 |
| Correspondence | <ul style="list-style-type: none"> ■ General correspondence with various parties | <ul style="list-style-type: none"> ■ General correspondence with various parties | General correspondence with various parties |
| Document maintenance/file review/checklist | <ul style="list-style-type: none"> ■ First month administration reviews ■ Filed of documents ■ Filed reviews ■ Updated checklists | <ul style="list-style-type: none"> ■ Filing of documents ■ File reviews ■ Updating checklists | <ul style="list-style-type: none"> ■ First month, then six-monthly administration reviews ■ Filing of documents ■ File reviews Updating checklists |
| Insurance | <ul style="list-style-type: none"> ■ Identified potential issues requiring attention of insurance specialists ■ Corresponded with AJ Gallagher Insurance Brokers regarding initial and ongoing insurance requirements ■ Reviewed insurance policies | <ul style="list-style-type: none"> ■ Identification of potential issues requiring attention of insurance specialists ■ Correspondence with insurer regarding initial and ongoing insurance requirements ■ Reviewing insurance policies ■ Correspondence with previous brokers | <ul style="list-style-type: none"> ■ Identification of potential issues requiring attention of insurance specialists ■ Correspondence with insurer regarding initial and ongoing insurance requirements ■ Reviewing insurance policies Correspondence with previous brokers |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|-----------------------------------|--|---|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| | <ul style="list-style-type: none"> ■ Corresponded with previous brokers in relation to pre-appointment insurance policies | | |
| Funds handling | <ul style="list-style-type: none"> ■ Prepared correspondence opening and closing accounts ■ Entered receipts and payments into accounting system ■ Requested bank statements ■ Bank account reconciliations ■ Corresponded with bank regarding specific transfers | <ul style="list-style-type: none"> ■ Preparing correspondence opening and closing accounts ■ Entering receipts and payments into accounting system ■ Requesting bank statements ■ Bank account reconciliations ■ Correspondence with bank regarding specific transfers | <ul style="list-style-type: none"> ■ Preparing correspondence opening and closing accounts ■ Entering receipts and payments into accounting system ■ Requesting bank statements ■ Bank account reconciliations Correspondence with bank regarding specific transfers |
| ASIC Forms and lodgements | <ul style="list-style-type: none"> ■ Prepared and lodged ASIC forms including 505, 5011 etc. ■ Corresponded with ASIC regarding DIRRI and other statutory forms | | <ul style="list-style-type: none"> ■ Preparing and lodging ASIC forms including 505, 5602/5603, 5011 etc. Correspondence with ASIC regarding statutory forms |
| ATO and other statutory reporting | <ul style="list-style-type: none"> ■ Notification of appointment ■ Prepared BAS ■ Completed STP reporting obligations | <ul style="list-style-type: none"> ■ Preparing BAS ■ Completing STP reporting obligations | <ul style="list-style-type: none"> ■ Notification of appointment ■ Preparing BAS ■ Completing STP reporting obligations |
| Finalisation | | | <ul style="list-style-type: none"> ■ Notifying ATO of finalisation ■ Cancelling ABN / GST / PAYG registration ■ Completing checklists Finalising WIP |
| Planning / Review | <ul style="list-style-type: none"> ■ Discussions regarding status of administration | <ul style="list-style-type: none"> ■ Discussions regarding status of administration | <ul style="list-style-type: none"> ■ Discussions regarding status of administration |
| Books and records / storage | <ul style="list-style-type: none"> ■ Dealing with records in storage ■ Sending job files to storage | <ul style="list-style-type: none"> ■ Dealing with records in storage ■ Sending job files to storage | <ul style="list-style-type: none"> ■ Dealing with records in storage ■ Sending job files to storage |

Remuneration Approval Report

| Task area/General description | Tasks completed | Future Work to Meeting Date | Liquidation |
|------------------------------------|--|---|---|
| Period | 04/02/2021 to 09/06/2021 | 10/06/2021 to 22/06/2021 | 22/06/2021 to finalisation of liquidation |
| Other professional services | <p>94 hours</p> <p>\$44,860</p> | <p>0 hours</p> <p>\$0</p> | <p>0 hours</p> <p>\$0</p> |
| Strategic communications | <ul style="list-style-type: none"> ■ Responding to enquiries from local and national media ■ Preparing messaging and briefing materials for media ■ Media Monitoring ■ Monitoring, preparing messaging and briefing materials for all union related communications | | |

Schedule C – Time spent by staff on each major task (work already done)

| Employee | Position | \$ /hour (excl GST) | Total actual hours | Total \$ (excl GST) | Task Area | | | | | | | | | | | |
|---------------------------------|--------------------------|---------------------|--------------------|---------------------|------------|-------------------|-------------|-------------------|------------|-------------------|---------------|------------------|-------------|---------------------|------------|-------------------|
| | | | | | Assets | | Creditors | | Employees | | Investigation | | Trade on | | Admin | |
| | | | | | Hrs | \$ | Hrs | \$ | Hrs | \$ | Hrs | \$ | Hrs | \$ | Hrs | \$ |
| Ross Blakeley | Senior Managing Director | \$ 648 | 10 | \$ 6,674 | 0 | \$ - | 6 | \$ 3,564 | 0 | \$ - | 0 | \$ - | 4 | \$ 2,398 | 1 | \$ 713 |
| Joseph Hansell | Senior Managing Director | \$ 648 | 217 | \$ 140,746 | 11 | \$ 7,258 | 15 | \$ 9,785 | 21 | \$ 13,284 | 3 | \$ 1,879 | 150 | \$ 97,135 | 18 | \$ 11,405 |
| Christopher Hill | Senior Managing Director | \$ 648 | 394 | \$ 255,571 | 76 | \$ 49,507 | 36 | \$ 23,393 | 46 | \$ 29,614 | 8 | \$ 5,054 | 211 | \$ 136,922 | 17 | \$ 11,081 |
| Drew Forbes | Managing Director | \$ 594 | 176 | \$ 104,722 | 68 | \$ 40,392 | 1 | \$ 653 | 0 | \$ - | 0 | \$ - | 107 | \$ 63,677 | 0 | \$ - |
| Patrick O'Brien | Managing Director | \$ 594 | 469 | \$ 278,289 | 14 | \$ 8,494 | 75 | \$ 44,372 | 98 | \$ 58,331 | 0 | \$ - | 259 | \$ 153,965 | 22 | \$ 13,127 |
| Tyson Gundersen | Managing Director | \$ 594 | 33 | \$ 19,483 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 33 | \$ 19,483 | 0 | \$ - |
| Nathan Stubing | Managing Director | \$ 594 | 51 | \$ 29,997 | 0 | \$ - | 1 | \$ 297 | 0 | \$ - | 0 | \$ - | 50 | \$ 29,700 | 0 | \$ - |
| Carla Fairweather | Managing Director | \$ 594 | 62 | \$ 36,828 | 0 | \$ - | 6 | \$ 3,386 | 0 | \$ - | 0 | \$ - | 56 | \$ 33,145 | 1 | \$ 297 |
| Matthew O'Keefe | Managing Director | \$ 594 | 352 | \$ 209,207 | 23 | \$ 13,603 | 111 | \$ 66,053 | 14 | \$ 8,078 | 1 | \$ 535 | 166 | \$ 98,307 | 38 | \$ 22,631 |
| Glen Smith | Managing Director | \$ 594 | 146 | \$ 86,665 | 146 | \$ 86,665 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - |
| James Rogers | Managing Director | \$ 594 | 47 | \$ 27,859 | 47 | \$ 27,859 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - |
| Asjadi Hone | Senior Director | \$ 522 | 447 | \$ 233,282 | 5 | \$ 2,767 | 65 | \$ 33,826 | 0 | \$ - | 0 | \$ - | 377 | \$ 196,690 | 0 | \$ - |
| Jonathan Chee | Senior Director | \$ 522 | 423 | \$ 220,649 | 16 | \$ 8,300 | 183 | \$ 95,317 | 0 | \$ - | 48 | \$ 25,004 | 165 | \$ 85,869 | 12 | \$ 6,160 |
| Timothy de Sousa | Senior Director | \$ 522 | 1 | \$ 626 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 1 | \$ 626 |
| Andrew Clowes | Director | \$ 468 | 71 | \$ 33,275 | 0 | \$ - | 0 | \$ 140 | 0 | \$ - | 0 | \$ - | 71 | \$ 33,134 | 0 | \$ - |
| Robert Beaumont | Senior Consultant II | \$ 423 | 491 | \$ 207,482 | 3 | \$ 1,227 | 90 | \$ 37,985 | 1 | \$ 508 | 1 | \$ 212 | 379 | \$ 160,444 | 17 | \$ 7,106 |
| Marie Baker | Senior Consultant II | \$ 423 | 73 | \$ 30,921 | 73 | \$ 30,921 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - |
| Timothy Chan | Senior Consultant II | \$ 423 | 7 | \$ 3,046 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 7 | \$ 3,046 | 0 | \$ - |
| Marial Kwan | Senior Consultant I | \$ 387 | 469 | \$ 181,310 | 0 | \$ 39 | 5 | \$ 2,051 | 29 | \$ 11,184 | 0 | \$ - | 423 | \$ 163,856 | 11 | \$ 4,180 |
| Catherine Jaques | Senior Consultant I | \$ 387 | 68 | \$ 26,123 | 0 | \$ - | 29 | \$ 11,262 | 0 | \$ - | 37 | \$ 14,126 | 1 | \$ 542 | 1 | \$ 194 |
| Marco Bozzetto | Senior Consultant I | \$ 387 | 48 | \$ 18,615 | 0 | \$ - | 48 | \$ 18,383 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 1 | \$ 232 |
| Alexa Sutherland | Consultant II | \$ 351 | 33 | \$ 11,688 | 0 | \$ - | 1 | \$ 421 | 0 | \$ - | 0 | \$ - | 32 | \$ 11,267 | 0 | \$ - |
| Richard Batten | Consultant II | \$ 351 | 6 | \$ 2,106 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 6 | \$ 2,106 | 0 | \$ - |
| James Macreadie | Consultant I | \$ 324 | 379 | \$ 122,699 | 6 | \$ 1,879 | 192 | \$ 62,338 | 0 | \$ - | 5 | \$ 1,490 | 157 | \$ 50,965 | 19 | \$ 6,026 |
| Mei Xuan Lai | Consultant I | \$ 324 | 8 | \$ 2,430 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 8 | \$ 2,430 | 0 | \$ - |
| Joshua Furman | Associate II | \$ 302 | 9 | \$ 2,748 | 0 | \$ - | 3 | \$ 785 | 2 | \$ 453 | 0 | \$ - | 3 | \$ 966 | 2 | \$ 544 |
| Zin Thaya Khin | Associate II | \$ 302 | 109 | \$ 32,827 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 109 | \$ 32,827 |
| Jaie Lilburne | Associate II | \$ 302 | 184 | \$ 55,659 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 150 | \$ 45,179 | 35 | \$ 10,479 |
| Matthew Burns | Associate II | \$ 302 | 12 | \$ 3,745 | 5 | \$ 1,389 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 8 | \$ 2,356 |
| George Tansley | Associate I | \$ 270 | 274 | \$ 73,845 | 18 | \$ 4,860 | 1 | \$ 135 | 0 | \$ - | 0 | \$ - | 247 | \$ 66,555 | 9 | \$ 2,295 |
| Jonathan Hayim | Associate I | \$ 270 | 409 | \$ 110,376 | 0 | \$ - | 145 | \$ 39,150 | 1 | \$ 270 | 23 | \$ 6,210 | 228 | \$ 61,614 | 12 | \$ 3,132 |
| David Czeizler | Associate I | \$ 270 | 257 | \$ 69,363 | 55 | \$ 14,742 | 127 | \$ 34,371 | 0 | \$ - | 0 | \$ - | 56 | \$ 15,039 | 19 | \$ 5,211 |
| Sandesh Pereira | Associate I | \$ 270 | 9 | \$ 2,430 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 9 | \$ 2,430 | 0 | \$ - |
| Adam Tomaro | Associate I | \$ 270 | 1 | \$ 162 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 1 | \$ 162 |
| Megan Crockett | Associate I | \$ 270 | 14 | \$ 3,807 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 6 | \$ 1,674 | 0 | \$ - | 8 | \$ 2,133 |
| Eve Pedder | Associate I | \$ 270 | 8 | \$ 2,160 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 1 | \$ 270 | 7 | \$ 1,890 | 0 | \$ - |
| Thomas Vuckovic | Associate I | \$ 270 | 86 | \$ 23,193 | 0 | \$ - | 58 | \$ 15,660 | 0 | \$ - | 0 | \$ - | 28 | \$ 7,425 | 0 | \$ 108 |
| Erin Millard | Associate I | \$ 270 | 8 | \$ 2,133 | 8 | \$ 2,133 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - |
| Christina Pelendage-Perera | Associate I | \$ 270 | 3 | \$ 918 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 3 | \$ 783 | 1 | \$ 135 |
| Simone Meany | Admin II | \$ 198 | 1 | \$ 218 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 1 | \$ 218 | 0 | \$ - |
| Tanya Kratz | Admin II | \$ 198 | 0 | \$ 40 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ 40 |
| Ashleigh Ubank | Admin I | \$ 198 | 0 | \$ 79 | 0 | \$ - | 0 | \$ 40 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ 40 |
| Ho Lam Trinh | Admin I | \$ 167 | 0 | \$ 33 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ 33 |
| Selina Naylor | Admin I | \$ 167 | 1 | \$ 167 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 1 | \$ 167 |
| Alyse Kent | Admin I | \$ 167 | 13 | \$ 2,188 | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - | 13 | \$ 2,188 |
| Total (ex GST) | | | | \$ 2,676,382 | | \$ 302,033 | | \$ 503,366 | | \$ 121,722 | | \$ 56,453 | | \$ 1,547,180 | | \$ 145,628 |
| GST | | | | \$ 267,638 | | | | | | | | | | | | |
| Total (Incl GST) | | | | \$ 2,944,020 | | | | | | | | | | | | |
| Total hours | | | 5,878 | | 574 | | 1197 | | 211 | | 131 | | 3392 | | 373 | |
| Avg hourly rate (ex GST) | | | | \$ 455 | | \$ 526 | | \$ 421 | | \$ 578 | | \$ 430 | | \$ 456 | | \$ 390 |

Remuneration Approval Report

The below table sets out work performed by other professional services provided by the firm for the period 04/02/2021 to 09/06/2021:
 [FTI may provide professional services to a matter outside of insolvency services (e.g. Strategic Communications.)]

| Employee | Position | \$ /hour (excl GST) | Total actual hours | Total \$ (excl GST) | Strategic Communication | |
|---------------------------------|-------------------|------------------------|--------------------------|---------------------|----------------------------|------------------|
| | | | | | Hrs | \$ |
| Stuart Carson | Managing Director | \$ 594 | 33 | \$ 19,304 | 33 | \$ 19,304 |
| Shannon Walker | Senior Director | \$ 522 | 29 | \$ 15,269 | 29 | \$ 15,269 |
| Sinclair Hill | Consultant I | \$ 324 | 32 | \$ 10,287 | 32 | \$ 10,287 |
| Total (ex GST) | | | | \$ 44,860 | | \$ 44,860 |
| GST | | | | \$ 4,486 | | |
| Total (Incl GST) | | | | \$ 49,346 | | |
| Total hours | | | 94 | | 94 | |
| Avg hourly rate (ex GST) | | | | \$ 480 | | \$ 480 |

Schedule D – Resolutions

Resolution 1 - Work Already Done

“That the remuneration of the Voluntary Administrators of Autocare Services Pty Ltd (Administrators Appointed) ACN 004 497 607 from 4 February 2021 to 9 June 2021 (inclusive) be calculated on a time basis at the hourly rates detailed in the report to creditors of 11 June 2021 and is determined and approved for payment in the amount of \$2,721,242 plus GST, and that the Voluntary Administrators can draw the remuneration immediately or as required.”

Resolution 2 – Future Work to Meeting

“That the remuneration of the Voluntary Administrators of Autocare Services Pty Ltd (Administrators Appointed) ACN 004 497 607 from 10 June 2021 to 22 June 2021 is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the hourly rates detailed in the report to creditors of 11 June 2021, up to a capped amount of \$200,000.00 plus GST, and that the Voluntary Administrators can draw the remuneration immediately or as required.”

Resolution 3 – Future Work from meeting to execution of DOCA

“That the remuneration of the Voluntary Administrators of Autocare Services Pty Ltd (Administrators Appointed) ACN 004 497 607 from 22 June 2021 to the execution of the DOCA is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the hourly rates detailed in the report to creditors of 11 June 2021, up to a capped amount of \$20,000.00 plus GST, and that the Voluntary Administrators can draw the remuneration immediately or as required.”

Resolution 4 – Future Work from execution to the effectuation of DOCA

“That the future remuneration of the Deed Administrators of Autocare Services Pty Ltd ACN 004 497 607 for the period from the execution to the earlier of effectuation of the DOCA or 30 June 2021 is determined and approved for payment at a sum equal to the cost incurred by the Deed Administrators and staff of FTI Consulting, calculated on a time basis at the hourly rates detailed in the report to creditors of 11 June 2021, up to the amount of \$50,000.00 plus GST, and that the Deed Administrators may draw the remuneration as required.”

Resolution 5 – Future Work from execution to the effectuation of DOCA (if Sunset Date is extended)

“In the event the DOCA is not effectuated by 30 June 2021, that the future remuneration of the Deed Administrators of Autocare Services Pty Ltd ACN 004 497 607 for the period from 30 June 2021 to effectuation of the DOCA is determined and approved for payment at a sum equal to the cost incurred by the Deed Administrators and staff of FTI Consulting, calculated on a time basis at the hourly rates detailed in the report to creditors of 11 June 2021, up to the amount of \$10,000.00 plus GST per business day up to the effectuation of the DOCA, and that the Deed Administrators may draw the remuneration as required.”

Resolution 6 – Creditor Trustees’ Remuneration

“That the future remuneration of the Trustees of Autocare Services Pty Ltd ACN 004 497 607 for the period from the commencement of the creditors trust to the final distribution and closure of the trust is determined and approved for payment at a sum equal to the cost incurred by the Trustees and staff of FTI Consulting, calculated on a time basis at the hourly rates detailed in the report to creditors of 11 June 2021, up to the amount of \$225,000 plus GST, and that the Trustees may draw the remuneration as required.”

Resolution 7 – Creditor Trustees’ Remuneration

“That the future remuneration of the Liquidators of Autocare Services Pty Ltd ACN 004 497 607 from 22 June 2021 to the finalisation of the liquidation (inclusive) is approved for payment at a sum equal to the cost of time incurred by the liquidators and staff of FTI Consulting, calculated on a time basis at the hourly rates detailed in the report to creditors of 11 June 2021, up to an amount of \$500,000.00 plus GST, and that the Liquidators can draw the remuneration as required.”

Schedule D – FTI Consulting schedule of rates

Corporate Finance & Restructuring Rates

| Classification | Standard rates \$/hour* | General guide to classifications |
|------------------------------------|-------------------------|--|
| Senior Managing Director/Appointee | 648 | Registered Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration. |
| Managing Director | 594 | Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry. |
| Senior Director | 522 | Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications. |
| Director | 468 | Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications. |
| Senior Consultant 2 | 423 | Typically an Australian Restructuring Insolvency & Turnaround Association professional member. Well-developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations. |

| Classification | Standard rates \$/hour* | General guide to classifications |
|---------------------|-------------------------|---|
| Senior Consultant 1 | 387 | Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations. |
| Consultant 2 | 351 | Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations. |
| Consultant 1 | 324 | Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff. |
| Associate 2 | 302 | Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff. |
| Associate 1 | 270 | Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff. |
| Junior Associate | 198 | Undergraduate in the latter stage of their university degree. |
| Administration 2 | 198 | Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping, accounting support services or similar skills. |
| Administration 1 | 167 | Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills. |

* All rates listed above are exclusive of GST

Strategic Communications Rates

| Classification | Standard rates \$/hour* | General guide to classifications |
|-------------------|-------------------------|--|
| Managing Director | 594 | Specialist skills and extensive experience in all forms of strategic communications. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to corporate communications. |
| Senior Director | 522 | Extensive experience in managing large, complex engagements at a very senior level over many years. Alternatively, has significant senior management experience in strategic communications, with specialist skills and/or qualifications. |
| Consultant | 324 | Assists with the planning and control of small to medium projects. May have the conduct of minor projects. Can supervise staff. Has experience performing more difficult tasks on larger projects. |

17. Appendix 7 – DOCA proposal

(This section is left blank intentionally)

**Autocare Services Pty Ltd (Administrators Appointed)
ACN 004 497 607**

("the Company")

**Term sheet of proposal for Deed of Company Arrangement to be entered into by the
Company proposed by LINX Cargo Care Group Pty Ltd ACN 123 683 883 ("Proponent")**

Privileged and Confidential

Background

- This document sets out the terms upon which the Proponent proposes that the Company enters into a DOCA.
- The Proposal is liable to be amended prior to or at the meeting of Creditors to be convened pursuant to section 439A of the Corporations Act.
- No legally binding arrangement will be entered into until a legally enforceable DOCA is executed.

Summary of commercial outcomes

- The Company will enter into a DOCA.
- The Administrators will be the Deed Administrators of the DOCA.
- The Deed Administrators will establish a Creditors Trust.
- The Deed Fund will be comprised of a Cash Contribution paid to the Deed Administrators by the Proponent, as well as an amount of cash at bank held by the Deed Administrators at the Completion Date reserved for the purposes of paying Administration Liabilities, Employee Entitlements and the Trustees' Remuneration and Costs.
- The Deed Administrators will transfer to the Company the balance of the cash at bank held by the Deed Administrators and in bank accounts of the Company to enable continued trading of the Company's business after Completion of the DOCA.
- The Deed Fund will be transferred to the Creditors Trust to be distributed to Creditors with a Claim in accordance with the terms of the DOCA as replicated in the Creditors Trust Deed. The amount of the Cash Contribution will be reserved for payment of Creditors only and will not be drawn upon to pay Administration Liabilities, Employee Entitlements or the Trustees' Remuneration and Costs.
- The Company will continue to trade subject to the terms of the DOCA until Completion or termination of the DOCA. The control of the Company will revert to the Directors after the DOCA Termination Date.
- Approval of the DOCA by the Creditors and subsequent execution of the DOCA will result in a significantly higher monetary return to creditors compared to what they would receive in a liquidation of the Company. This outcome has been carefully considered by the Proponent

and its advisors and a detailed assessment of the estimated return to creditors both if this Proposal is approved by Creditors and alternatively in liquidation accompanies this Proposal and should be referred to when considering the Proposal.

- The Proposal provides for several classes of Creditors who will receive a different proportionate return by way of a dividend from the funds available under the DOCA.
- It is well recognised that in many circumstances during the course of a corporate restructure and in order to maximise the chances of a business continuing in existence as required by section 435A of the Corporations Act that it may be necessary to differentiate between various classes of Creditors in a DOCA. That is the case here.
- The Proponent has given careful consideration to the business of the Company and those Creditors who are most crucial to the ongoing viability of the Company's business receive most "favourable" treatment in the Proposal.
- Importantly all Employee Entitlements will be paid in full and ongoing employment to the majority of the workforce will be maintained.
- The approval of this Proposal by the Creditors of the Company and the entry into of the DOCA will ensure the continued operation of the business of the Company and the continued employment of a substantial number of ongoing employees and the resumption of "normal" business including the provision of services by and payment to many existing Creditors.
- If the DOCA is approved and effectuated the Proponent will from that point resume provision of working capital financing on the terms of the existing Working Capital Facility Agreement and waive any defaults consequent upon the appointment of the Administrators to Autocare.

The DOCA Proposal

DOCA Proponent

The entity proposing the DOCA is LINX Cargo Care Group Pty Ltd ACN 123 683 883 (the "**Proponent**").

Purpose of this Term Sheet

The Proponent proposes that the Company execute a DOCA substantially in accordance with the proposal set out in this document.

The purpose of this Term Sheet is to record the key terms of the Proposal.

Definitions

"Administration Liabilities" means the costs, expenses and liabilities incurred by the Administrators and Deed Administrators in the course of acting in those roles as defined in Part 5.3A of the Corporations Act.

"Administration Period" means the period between the Appointment Date and the Commencement Date.

"Administrators" means Christopher Hill, Joseph Hansell and Ross Blakeley in their capacity as joint and several voluntary administrators of the Company.

"Administrators' Retention Amount" means the sum of money that is sufficient to meet Administration Liabilities and Employee Entitlements, the sum to be agreed between the Proponent and Administrators on or prior to the Implementation Date.

"Admitted Claim" means a Claim of any Creditor admitted after adjudication in accordance with the DOCA or Creditors' Trust Deed.

"Admitted Lease Claim" means a Claim made by a Landlord arising from or relating to any lease or licence to the Company relating to land occupied by the Company as at the Appointment Date that is admitted after adjudication in accordance with the DOCA or Creditors' Trust Deed.

"Appointment Date" means 4 February 2021, being the date the Administrators were appointed administrators of the Company pursuant to section 436A of the Corporations Act.

"Available Cash" means the cash which stands to the credit of the Company (including the Deed Administrators' accounts and otherwise) as at the Implementation Date, net of both Remuneration and Costs and of any third party expenses, such as legal fees payable by the Administrators at that point in time.

"Cash Contribution" means the sum of A\$1,656,000.00 (inclusive of any GST if any).

"Claim" means all actions, claims, suits, causes of action, debt owing (whether then, now, in the future or contingently) by, or a claim subsisting against, the Company in favour of a person irrespective of whether the debt or claim arose by virtue of contract, at law, in equity or otherwise and including (without limitation):

- (a) a claim sounding in damages;
- (b) a debt or claim arising pursuant to any guarantee;
- (c) a debt payable by the Company by way of a Superannuation Contribution;
- (d) a debt payable by the Company by way of a Superannuation Guarantee Charge; and
- (e) all debts or claims provable in a winding up of the Deed Company pursuant to section 553 of the Act;

in each case arising out of any agreement, circumstance or event occurring before the Appointment Date but does not include an Excluded Claim or a Deferred Claim.

"Commencement Date" means the date upon which the DOCA is executed by the Administrators, the Proponent and the Company.

"Company" means Autocare Services Pty Ltd ACN 004 497 607.

"Completion" means completion of the implementation steps in clause 7.1 of this Proposal.

"Completion Date" means the date on which the last of the steps to give effect to Completion has occurred.

"Conditions Precedent" means each of the conditions to Completion set out in clause 1 of this Proposal.

"Continuing Employees" means any employees of the Company whose employment is continued by the Company following Completion.

"Continuing Lease(s)" means:

- (a) each lease of land (in which the Company is the lessee) identified in Schedule A to this Proposal; and
- (b) each other lease or licence to occupy which is agreed to be a Continuing Lease by the Deed Administrators and the Proponent.

"Continuing Lease Variations" means each proposed variation or amendment to a Continuing Lease which the Proponent deems to be a "Continuing Lease Variation" for the purposes of this Proposal (and for the avoidance of doubt may be documented following execution of the DOCA in the form and manner agreed between the Deed Administrators, the Deed Proponent and the counterparties to each such Continuing Lease).

"Corporations Act" means the *Corporations Act 2001* (Cth).

"Creditor" means any person with a Claim, an Excluded Claim or a Deferred Claim against the Company.

"Creditors Meeting" means the meeting of Creditors of the Company to be convened pursuant to section 439A of the Corporations Act.

"Creditors' Trust" means a trust to be established for the benefit of the Trust Creditors, named the "*Autocare Creditors' Trust*", to which the Deed Fund will be paid and from which all Creditors with Admitted Claims shall have their Claims satisfied in the same priority ranking as clause 10 of this Proposal.

"Creditors' Trust Deed" means the Autocare Creditors' Trust Deed to be entered into between the Company and the Trustees.

"Deed Administrators" means Christopher Hill, Joseph Hansell and Ross Blakeley, or such other qualified persons appointed as deed administrator of the DOCA by a resolution of Creditors passed at the Creditors Meeting.

"Deed Fund" means an amount calculated as the aggregate of:

- (a) the Reserved Amount; and
- (b) the Cash Contribution.

"Deferred Claim" mean any Claim which the Proponent or any Related Body Corporate of the Proponent has or may have against the Company.

"Deferred Creditor" means any Creditor in respect of a Deferred Claim.

"Directors" means the director/s of the Company from time to time.

"**DOCA**" means a deed of company arrangement compliant with the applicable provisions of the Corporations Act, approved by the Creditors at the Creditors Meeting and consistent with the terms of this Proposal.

"**DOCA Period**" means the period commencing on the Commencement Date and ending on the DOCA Termination Date.

"**DOCA Termination Date**" means the date on which the DOCA is terminated.

"**Employee**" means a person:

- (a) who has been or is an employee of the Company, whether remunerated by salary, wages, commission or otherwise; and
- (b) whose employment by the Company commenced before the Appointment Date.

"**Employee Entitlements**" means any right or entitlement of any Employee or other person to a payment, including but not limited to any party with a right of subrogation as a consequence of a payment pursuant to FEG or a party who has advanced money to the Company to pay Employee Entitlements, which, if the Company were to be wound up, that Employee or person, would be entitled to receive pursuant to sections 556 or 560 of the Corporations Act in priority to the unsecured creditors of the Company, other than claims of Continuing Employees that do not crystallise and become due and payable.

"**Estimated Trustee Fees**" means an estimate of the Trustees' Remuneration and Costs to be agreed between the Deed Administrators and the Proponent and fixed prior to the Completion Date.

"**Excluded Claim**" means any Claim (as that term is defined, but for the exception of Excluded Claim):

- (a) arising under a Continuing Lease;
- (b) arising under any Ongoing Contract;
- (c) of any Ongoing Customer;
- (d) of any Vehicle Transport Booking Customer to the extent of a Claim relating to booking vehicle transport services for the transportation of one or more vehicles; and
- (e) which an Employee may have to which the Company's workers compensation insurance responds;
- (f) of any Continuing Employee in respect of an Ongoing Entitlement;
- (g) which a provider of workers compensation insurance to the Company may have in respect of accrued or unpaid premiums.

"**Excluded Creditor**" means any Creditor in respect of an Excluded Claim.

"**FEG**" means the Fair Entitlements Guarantee scheme as provided for by the *Fair Entitlements Guarantee Act 2012* (Cth).

"**Implementation Date**" means the fifth business day after the satisfaction or waiver of the Conditions Precedent in accordance with clause 1.1 and 1.2 of this Proposal.

"Insolvency Practice Schedule" means Schedule 2 Insolvency Practice Schedule to the Corporations Act.

"Landlords" means the lessors of land occupied by the Company as at the Appointment Date.

"Ongoing Contracts" means any contracts that the Company has entered into prior to the Appointment Date which the Proponent decides will not be compromised by the DOCA. Any such contracts will be specifically listed as Schedule B to this Proposal.

"Ongoing Customers" means the following customers of the Company:

- (a) Toyota;
- (b) Mitsubishi;
- (c) Isuzu;
- (d) Great Wall / Haval; and
- (e) Porsche.

"Ongoing Entitlement" has the meaning given to it in clause 11.1.

"Participating Creditor" means those Creditors (other than the Excluded Creditors, Deferred Creditors and any Secured Creditor who does not vote in favour of the DOCA) who have an Admitted Claim.

"PBPL" means Port of Brisbane Pty Limited ACN 143 384 749.

"PBPL Heads" means the binding Heads of Agreement entered into in writing by Autocare and PBPL dated 10 June 2021.

"Pool A Creditors" means those Creditors listed in Schedule C to this Proposal, being Creditors whom the Proponent has determined to be ongoing strategic transport suppliers, each of whom will receive a distribution from the Deed Fund in respect of that portion of their Admitted Claim that is not an Admitted Lease Claim, in the proportion as is specified in clause 10.5(a) of this Proposal.

"Pool B Creditors" means all those Creditors who are general unsecured creditors of the Company and who are not any of Pool A Creditors, Pool C Creditors, Excluded or Deferred Creditors. Each Pool B Creditor will receive a distribution from the Deed Fund in respect of that portion of their Admitted Claim that is not an Admitted Lease Claim, in the proportion as is specified in clause 10.5(b) of this Proposal.

"Pool C Creditors" means those Creditors (other than Excluded Creditors or Employees) who have an Admitted Lease Claim, each of whom will receive a distribution from the Deed Fund in proportion to their Admitted Lease Claim in the proportion as is specified in clause 10.5(c) of this Proposal.

"Prescribed Provisions" means the provisions prescribed by section 444A(5) of the Corporations Act and as contained in Schedule 8A of the Corporations Regulations.

"Proponent" means LINX Cargo Care Group Pty Ltd ACN 123 683 883.

"Proposal" means this Term Sheet and the key terms set out within this Term Sheet and any additional terms or amendments that may be made or agreed to by the Deed Proponent prior to or during the Creditors Meeting setting out the terms of a DOCA acceptable to the Deed Proponent.

"Regulations" means the *Corporations Regulations 2001* (Cth) of the Corporations Act.

"Related Body Corporate" has the meaning given under the Corporations Act.

"Remaining Available Cash" means the amount of Available Cash less the amount of the Reserved Amount.

"Remuneration and Costs" means remuneration payable to the Deed Administrators for work performed by them acting as administrators of the Company and deed administrators of the DOCA as determined in accordance with section 60-5 of the Insolvency Practice Schedule and costs, charges, fees, government charges, taxes and expenses, including those incurred in connection with the performance of the Administrators' and Deed Administrators' duties, obligations and responsibilities under the Corporations Act and the DOCA during the administration and the DOCA Period, but does not include any Administration Liabilities.

"Reserved Amount" means an amount consisting of:

- (a) the Administrators' Retention Amount; and
- (b) the Estimated Trustee Fees.

"Retention Period" means the period commencing on the Completion Date and ending three months after the Completion Date.

"Secured Creditors" means:

- (a) the Proponent; and
- (b) any Creditor holding a valid Security Interest over any property of the Company arising by any means.

"Security Interest" means any mortgage, lien, charge (circulating or non-circulating), bill of sale, caveat, pledge, claim, trust arrangement, preferential right, title retention or other form of security interest, and includes any 'security interest' as defined in the *Personal Property Securities Act 2009* (Cth).

"Sunset Date" means 30 June 2021 or such later date as the Proponent nominates in its sole discretion.

"Superannuation Contribution" means a contribution payable by the Company to a fund for the purposes of making provision for, or obtaining, superannuation benefits for an Employee, or for dependants of such an Employee.

"Superannuation Guarantee Charge" means a charge imposed by the *Superannuation Guarantee Charge Act 1992* (Cth).

"Trust Creditors" means all Creditors other than Excluded Creditors and Deferred Creditors and:

- (a) includes Employee Creditors to the extent that an Employee Creditor has an Employee Priority Claim which has not been paid in full prior to Completion; and

(b) includes the Administrators and Deed Administrators.

"Trustees" means Christopher Hill, Joseph Hansell and Ross Blakeley, the proposed trustees of the Creditors' Trust.

"Trustees' Remuneration and Costs" means costs, charges and expenses, incurred by the Trustees in connection with the performance of their duties, obligations and responsibilities as trustees of the Creditors' Trust, including those incurred in connection with advisers to be capped at an amount as agreed with the Proponent prior to the Completion Date.

"Trust Fund" means the trust fund to be established under the Creditors' Trust and shall be comprised of the Deed Fund.

"Vehicle Transport Booking Customers" means customers of the Company who booked, either by private booking or through an agent, vehicle transport services for the transportation of one or more vehicles, prior to the Appointment Date.

"Working Capital Loan Agreement" means the document entitled 'Working Capital Loan Agreement' dated 15 October 2018 between, among others, the Company as borrower and the Proponent as lender as amended or varied from time to time.

Terms

1. Conditions Precedent

1.1 Completion is conditional upon the following Conditions Precedent being satisfied or waived in accordance with clause 1.2 of this Proposal to the satisfaction of the Proponent on or prior to the Sunset Date:

- (a) The Deed Administrators and the Company executing and exchanging the Creditors' Trust Deed.
- (b) The Proponent determining in its sole and absolute discretion that the provisions of the Continuing Lease Variations are satisfactory and that the Continuing Lease Variations have been entered into by the lessors of the Continuing Leases in a legally binding manner.
- (c) The obtaining of any Court Orders under section 444F or section 447A of the Corporations Act to permit the Company to maintain possession of any land occupied by the Company as at the Commencement Date for such period as the Proponent considers necessary to permit the successful implementation of the DOCA and on such conditions as the Proponent in its discretion considers acceptable.
- (d) The execution of final form documents contemplated by the PBPL Heads, in a form satisfactory to the Proponent in its absolute discretion.
- (e) The Proponent determining in its absolute discretion, that contracts with ongoing strategic transport suppliers, including but not limited to those who are Pool A Creditors, have been executed in a form and in a number that is satisfactory to the Proponent.

1.2 The Conditions Precedent in clause 1 are for the benefit of the Proponent and any non-satisfaction of any of them may only be waived by the Proponent by notice in writing to the

Deed Administrators and the Conditions Precedent or any of them may be waived by the Deed Proponent in its complete discretion.

- 1.3 If by the Sunset Date each of the Conditions Precedent is not satisfied or waived in accordance with clauses 1 and 1.2, the Proponent will cease to be bound by the DOCA and the Deed Administrators will convene a meeting of Creditors to determine the future of the Company.

2. Prescribed provisions

- 2.1 The Prescribed Provisions are expressly excluded from this Deed, except to the extent that they expressly included.
- 2.2 The Prescribed Provisions are included only to the extent that they are incorporated in Schedule D to this Proposal.

3. Deed Administrators' Appointment

- 3.1 The Administrators shall be the Deed Administrators of the DOCA.
- 3.2 The control and stewardship of the Company will vest in the Deed Administrators during the DOCA Period until the DOCA Termination Date and thereafter will revert to the Directors.
- 3.3 The Proponent and the Company acknowledge that the Deed Administrators will not be personally liable for contracts or agreements which are entered into by the Company, or alternatively, come into effect, during the DOCA Period.

4. Release and discharge of Claims

- 4.1 The DOCA shall bind all Creditors of the Company, including Excluded Creditors and Deferred Creditors, in accordance with section 444D of the Corporations Act as well as the Company, the Proponent and the Deed Administrators.
- 4.2 Immediately upon and with effect from Completion and subject to clause 4.4 to 4.7, Claims of all Creditors will be fully released and discharged.
- 4.3 The Deed Administrators and the Creditors agree that, upon all Claims being released pursuant to clause 4.2 of this Proposal, each Creditor who had a Claim (but for the release in clause 4.2), will be entitled to make a claim in the Creditors' Trust, which is equal to the amount of their released Claim.
- 4.4 Excluded Creditors shall not be entitled to participate or receive any distribution from and will not prove to recover any Excluded Claim for the purposes of, or in relation to, the Deed Fund.
- 4.5 The Deferred Claims are to be deferred until Completion and the Deferred Creditors may not lodge a proof of debt nor seek a distribution from the Deed Fund in respect of the Deferred Claims. Upon Completion the Deferred Claims shall remain liabilities of the Company on the same terms of and subject to any relevant agreements in place as at the Appointment Date as subsequently varied or replaced. In the event the DOCA is terminated for a reason other than Completion in accordance with its terms, the Deferred Creditors will no longer be bound by any deferral and will be at liberty to enforce their rights against the Company. The Proponent shall, at the Deed Administrators' request, procure the Deferred Creditors to enter into an appropriate deed acknowledging the deferral of their rights against the Company.

The costs associated with the preparation of the deed of deferral shall be borne by the Proponent.

- 4.6 The DOCA will not compromise or vary any obligations under Continuing Leases that may accrue as from the Commencement Date or that have accrued prior to the Appointment Date.
- 4.7 The DOCA will list all Ongoing Contracts and the DOCA will not compromise or vary any obligations under Ongoing Contracts that may accrue as from the Commencement Date or that have accrued pursuant to any of the Ongoing Contracts prior to the Appointment Date.
- 4.8 The DOCA will not compromise any Claim by Ongoing Customers or Vehicle Transport Booking Customers that may accrue as from the Commencement Date or that have accrued prior to the Appointment Date. The DOCA will not restrict or bar the rights of any Secured Creditor to deal with its Security Interest unless that Secured Creditor votes in favour of the DOCA and the DOCA expressly provides for a restriction on enforcement of the Security Interest.
- 4.9 For the avoidance of doubt, the DOCA will not bar any Claim by an Employee for which the Company's workers compensation insurance responds or by a Continuing Employee.

5. Employee priority claims

- 5.1 The Deed Administrators will pay all Employee Entitlements which are due and payable in the ordinary course on behalf of the Company as soon as practicable after execution of the DOCA provided that the Deed Administrators have the funds available to make the payments.
- 5.2 The Deed Administrators will use all reasonable endeavours to procure the payment of all Employee Entitlements which are due and payable in the ordinary course before Completion.
- 5.3 For the purposes of section 444DA of the Corporations Act, any Employees will retain a priority until Completion in respect of the assets of the Company under the Deed Administrators' control, and thereafter, in respect of the assets of the Trust Fund at least equal to that they would have been entitled to if the property of the Company had been applied in accordance with sections 556, 560 and 561 of the Corporations Act.

6. Remuneration and Costs

- 6.1 Subject to section 60-5 of the Insolvency Practice Schedule, the Deed Administrators will be paid the Remuneration and Costs and the Administration Liabilities.
- 6.2 Prior to the execution of the DOCA, the Administrators will provide the Proponent with an estimate of the Trustees' Remuneration and Costs, with the Administrators to act reasonably in making such estimates. An amount sufficient to meet that estimate will form part of the Reserved Amount.
- 6.3 The Trustees are to be remunerated for their work in the exercise of their powers and performance of their duties as Trustees of the Creditors' Trust Deed from the Deed Fund.
- 6.4 In the event the Trustees wish to be paid any amount greater from the estimate referred to in clause 6.2 the Proponent will consider any request to make such additional payment and will

negotiate in good faith with the Trustees as to the basis upon which it will make any additional payments to the Trustees.

7. Implementation

- 7.1 If the Conditions Precedent have been satisfied or waived in accordance with clauses 1.1 and 1.2, the parties will be required to take the following steps:
- (a) On the Implementation Date, the Proponent and the Deed Administrators must procure that the following amounts, which comprise the Deed Fund, are paid into the Deed Administrators' Account nominated by the Deed Administrators:
 - (i) the Cash Contribution shall be paid by the Proponent; and
 - (i) the Reserved Amount shall be paid by the Deed Administrators from the Available Cash.
 - (b) On the Implementation Date, the Remaining Available Cash will be paid into an account nominated by the Proponent in the name of the Company.
 - (c) Immediately upon receipt of the amounts comprising the Deed Fund, the Deed Administrators will pay an amount equal to the Deed Fund to the Trustees to comprise and be administered under the Creditors' Trust Deed and to be distributed to Creditors bound by this Deed in accordance with the terms of the Creditors' Trust Deed.
- 7.2 At any time prior to or after the DOCA Termination Date, the Company or the Proponent may, if requested to do so in writing by the Deed Administrators or Trustees make payments directly to parties in reduction of Administration Liabilities on behalf of the Deed Administrators or Trustees. Any such payments shall be deemed to form part of the Deed Fund and shall be applied in reduction of the Reserved Amount.
- 7.3 At any time prior to or after the DOCA Termination Date, the Company or the Proponent may, if requested to do so in writing by the Deed Administrators or Trustees make payments directly to Participating Creditors in reduction of Admitted Claims on behalf of the Deed Administrators or Trustees. Any such payments shall be deemed to form part of the Deed Fund and shall be applied in reduction of the Cash Contribution.
- 7.4 For the avoidance of doubt, all debtors, refunds and rebates due to the Company shall remain with the Company and not form part of the Deed Fund (without prejudice to any lien the Administrators may have for Remuneration and Costs or Administration Liabilities).

8. Capital financing of Company

- 8.1 From the date of Completion, the Proponent will resume provision of working capital financing on the terms of the Working Capital Loan Agreement and irrevocably waive any default prior to the date of Completion including any default arising as a result of the appointment of the Administrators to the Company or the entry into the DOCA by the Company.

9. Termination

- 9.1 The DOCA will terminate on Completion.
- 9.2 The control of the Company will revert to the Directors after the DOCA Termination Date.

- 9.3 The DOCA will otherwise automatically terminate upon the happening on one of the following events:
- (a) the Court makes an order terminating the DOCA under section 445D or the Corporations Act; or
 - (b) the creditors of the Company with a Claim pass a resolution terminating the DOCA at a meeting convened under the provisions of Division 75 of the Insolvency Practice Schedule and Division 75 of the Insolvency Practice Rules, by notice setting out the proposed resolution.
- 9.4 In the event the DOCA terminated under clause 9.3, the Company will be wound up pursuant to section 491 of the Corporations Act and the Deed Administrators will be the Company's liquidators.
- 9.5 In the event the DOCA terminates prior to Completion, then any sums paid into the DOCA or Creditors' Trust by the Proponent that have not been distributed or that are not required for payment of any Remuneration or Disbursements shall be refunded to the Proponent. Creditors will not have any claim to that balance.

10. Distribution waterfall

- 10.1 The Reserved Amount will be held by the Trustees for three months after the date of Completion (the **Retention Period**).
- 10.2 During the Retention Period, the Reserved Amount will be used and applied to pay:
- (a) the Trustees' Remuneration and Costs;
 - (b) the amount of any unpaid Employee Entitlements until all have received 100 cents in the dollar on their Admitted Claim; and
 - (c) any Administration Liabilities not otherwise paid prior to Completion by the Proponent or the Company.
- 10.3 Upon expiry of the Retention Period, the balance of the Reserved Amount after payments made in accordance with clause 10.2 of this Proposal will be paid by the Trustees to or at the direction of the Company.
- 10.4 The Reserved Amount held by the Trustees will be reviewed on a monthly basis and where the Reserved Amount exceeds the forecast liabilities identified in clause 10.2 above, the Trustees will, upon agreement with the Proponent, pay all amounts which exceed the forecast liabilities to or at the direction of the Company within 5 Business Days of the end of each month.
- 10.5 Provided that each Creditor has an Admitted Claim, the amount of the Cash Contribution will be available for distribution under the Creditors' Trust to the Creditors as follows:
- (a) first, to Pool A Creditors to be applied pro rata between the Claims of each Pool A Creditor until each Pool A Creditor has received a maximum of 47 cents in the dollar on their Admitted Claim;
 - (b) second, to Pool B Creditors to be applied pro rata between the Claims of each Pool B Creditor until each Pool B Creditor has received a maximum of 5 cents in the dollar on their Admitted Claim;

- (c) third, to Pool C Creditors to be applied pro rata between the Claims of each Pool C Creditor until each Pool C Creditor has received a maximum of .5 cents in the dollar on their Admitted Claim.
- 10.6 In the event there is a surplus or remaining balance of any distribution of the Trust Fund which has remained after distribution in accordance with clauses 10.2 and 10.5 of this Proposal, then such surplus or balance shall be paid to or at the direction of the Company by the Trustees.
- 10.7 For the avoidance of doubt any Creditor who has an Admitted Claim and an Admitted Lease Claim will be entitled to receive a dividend in respect of each of the Admitted Claim and the Admitted Lease Claim from the applicable pool as if it were a Pool B Creditor or Pool C Creditor in respect of that Claim.

11. Continuing Employees

- 11.1 The accrued but unpaid entitlements of Continuing Employees that have fallen due for payment as at or after the Appointment Date are not provable or entitled to payment under the terms of the DOCA and nothing in the DOCA is to be taken or construed as compromising those entitlements (**Ongoing Entitlements**).
- 11.2 For the purposes of calculating the Ongoing Entitlements, the original commencement date of the Continuing Employees' employment with the Company is preserved.
- 11.3 All of the Ongoing Entitlements of Continuing Employees will be entirely preserved and continue notwithstanding Completion and will be honoured by the Company in the ordinary course of business during the DOCA Period and after Completion.

12. Creditors' Trust

- 12.1 The Creditors' Trust will be established on or about the Commencement Date and come into operation for the benefit of Trust Creditors upon receipt by the Trustees of the amount in clause 7.1 of this Proposal and Completion.
- 12.2 The Creditors' Trust will in addition to other provisions commonly found in Creditors' Trust Deeds provide for certain tasks normally undertaken by the Deed Administrators to be undertaken by the Trustees (including but not limited to the calling for and adjudication upon the claims of Trust Creditors). The Creditors' Trust Deed shall be annexed to the DOCA and its execution will be a condition precedent to the DOCA taking effect.
- 12.3 The only available assets of the Creditors' Trust will be the Deed Fund.
- 12.4 The Trust Fund will be distributed in accordance with the waterfall as outlined in clause 10 of this Proposal.
- 12.5 The Trustees shall be entitled to access to all books and records of the Company on an ongoing basis until the termination of the Creditors' Trust.
- 12.6 The Creditors' Trust will terminate after distribution of the final dividend from the Deed Fund in accordance with clause 10 of this Proposal and the Trustees will resign.

13. General terms

- 13.1 The DOCA may be varied by a resolution passed at a meeting of Creditors but only if the variation is not materially different from the proposed variation set out in the notice of that meeting.
- 13.2 The DOCA and the Creditors' Trust Deed shall contain provisions that comply with sections 444DA and 444DB of the Corporations Act.
- 13.3 The Proponent reserves the right to vary or withdraw this Proposal at any time up until the passing of a resolution of the Creditors of the Company in respect to this Proposal.

Dated this 11 June 2021

Signed: 
Name: Anthony Jones

Proponent: LINX Cargo Care Group Pty Ltd ACN 123 683 883

Schedule A - Continuing Leases

| Lease Description | Legal Description | Owner Name |
|--|---|---|
| Kembla Grange - 132 West Dapto Road | Part Folio Identifier 402/1148505 and part Folio Identifier 1/661596, being Area 1 in DP 1223635 | 132 West Dapto Group Pty Ltd |
| Kembla Grange - 34 Reddalls Rd | CT 401 / 1148505 | Growthpoint Properties |
| Winnellie, 10 Bowen Street NT | CT Volume 671 Folio 738 | Northern Territory Freight Services |
| Port West Estate, Lytton - 42 Radar Street | Title reference - 51131330 being lot 759 SP 301776. Lease LG on SP 303570 in lot 759 pm SP 301776. | Port of Brisbane Pty Ltd |
| Townsville - 198 Webb Drive | "Title reference - 50915516 being lot 75 on SP 2600001 | Bruin Enterprises Pty Ltd |
| Port Adelaide - 224 Eastern Pde | Title reference - 50915517 being lot 906 on SP 260001." | 224 Eastern Parade ATF 224 Eastern Parade Unit Trust |
| Port Adelaide - 225 St Vincent Street | CT Volume 5325 Folio 748, 749, 750 and 751 and CT Volume 5123 Folio 448. | Salt E House Pty Ltd |
| Laverton North - 3 James St (Rear Cherry Lane) | CT Volume 5732 Folio 437 | Perpetual Corporate Trust Limited |
| Laverton North - 78-118 Cherry Lane | CT Volume 105537 Folio 319, more particularly described as lot S3 on Plan Subdivision 411303Q. | Perpetual Corporate Trust Limited |
| Perth Airport - Grogan Rd | | Perth Airport Pty Ltd |
| Laverton North 26-50 Cherry Lane | CT Volume 8782 Folio 803 | Rhana Investments Pty Limited |

Schedule B - Ongoing Contracts

| No. | Counterparty | Contract |
|-----|--|---|
| 1 | Toyota Motor Corporation Australia Limited | "Agreement for Imported Product Processing, Storage & Logistic Transport Services", dated 1 April 2018, as amended by "Variation Agreement" dated 9 November 2020, "Variation Agreement" dated 28 January 2021 and "Third Variation Agreement" dated 8 April 2021 |
| 2 | Mitsubishi Motors Australia Ltd | "Logistic Services Agreement" dated 1 July 2016, as amended by "Deed of Variation" dated 14 April 2021 |
| 3 | Isuzu Australia Limited | "Services Agreement" dated 1 October 2019 as amended by "Deed of Variation" dated 23 April 2021 |
| 4. | Haval Motors Australia Pty Ltd | "Services Agreement" dated 1 April 2020 as amended by "Deed of Variation" dated 30 April 2021 |
| 5. | Porsche | "Services Agreement" dated 18 May 2018. |

Schedule C - Pool A Creditors

| Creditor |
|--|
| AUSPOL PTY LTD |
| AN DIMOVSKI ENTERPRISES PTY. LTD |
| AQSCL CAR CARRYING PTY LTD |
| CPA TRANSPORT PTY LTD |
| ANGEL TRUCKING PTY LTD |
| AUTOROAD RUNNER EXPRESS PTY LTD |
| ABSOLUTE CAR CARRYING P/L. |
| ALL CAR CARRYING PTY LTD |
| AJ & DAUGHTERS |
| BOB'S CAR CARRYING PTY LTD. |
| N&S BARDEN TRANSPORT. |
| BASSI & BASSI TRANSPORT PTY. LTD |
| BRI-ANG TRANSPORT PTY LTD |
| BURDETT E'PRISES P/L ATF THE STJC TRUST |
| BUMBAR TRANSPORT PTY LTD |
| C&J WALKER TRANSPORT |
| |
| THE TRUSTEE FOR THE GURHAN CANDEMIR FAMILY TRUST |
| CARTWEST PTY LTD |
| CG & C ENTERPRISES PTY LTD |
| SIMRO TRANSPORT |
| DECKERT HAULAGE PTY LTD |
| DIMOVSKI TRANS CORP PTY LTD |
| DHILLON NATIONAL PTY LTD |
| DHILLON TRUCKING PTY LTD |
| DO LE TRANSPORT PTY LTD |
| DOUBLE J TRANSPORT PTY LTD |
| DEAN & JOYCE TRANSPORT PTY LTD. |
| EMERSON TRANSPORT |
| E.N.K TRANSPORT PTY LTD |
| GOLDMARK NOMINEES PTY LTD |
| G&A TRANSPORT PTY LTD |

| |
|--|
| G-HAWK TRANSPORT PTY LTD |
| G BEDDOW TRANSPORT PTY LTD |
| GM & LA VAUGHAN TRANSPORT PTY LTD |
| DM & K CAR EXPRESS PTY LTD |
| HYJ TRANS PTY LTD |
| MC HOLDINGS (AUSTRALIA) PTY LTD |
| IKNI TRANSPORT PTY LTD |
| ILIJOSKI PTY LTD. |
| IAN TODD TRANSPORT |
| JBF TRANSPORT PTY LTD |
| JULIAN B HOLDINGS |
| AUTO TRAIL P/L T/A JOE JONES TRANSPORT. |
| JKT TRANSPORT PTY LTD ATF THE TIPLER FAM |
| JOSHIZ GROUP PTY LTD |
| JIMMY'S HAULAGE PTY LTD |
| KABRO TRANSPORT PTY LTD |
| KK JUDGE PTY LTD ATF JUDGE FAMILY TRUST |
| L&C TRANSPORT P/L |
| L & O TRANSPORT PTY LTD |
| LIBRA TRANSPORT PTY LTD |
| LYONKING AUTO TRANSPORT |
| LOZANOVSKI PTY LTD |
| LUKA TRANS PTY LTD |
| METRO TRANSPORT (QLD) PTY LTD |
| MACD LOGISTICS PTY LTD |
| MVK LOGISTICS PTY LTD |
| M.Y. POWERWAY SERVICE PTY LTD |
| MURPHFENN PTY LTD |
| NARAND TRANSPORT PTY LTD |
| DANG-HUYEN PTY LTD. |
| NATALI TRANSPORT PTY LTD |
| NJD TRANSPORT PTY LTD |
| POHRIB TRANSPORT PTY LTD. |
| P. BAKER TRANSPORT PTY LTD |
| T PHAM CARRIER P/L |

| |
|------------------------------------|
| QL NO.2 PTY LTD |
| RPK CAR CARRYING P/L |
| ROBERT TALEVSKI TRANSPORT PTY LTD |
| DAVID SMART TRANSPORT P/L |
| SINGHZ TRANSPORT |
| SARAO SA PTY LTD |
| SL DECKERT HAULAGE PTY LTD |
| STELHEN INVESTMENTS PTY LTD |
| SV TRANSPORT PTY LTD. |
| SP COOPER TRANSPORT PTY LTD |
| TADROS LOGISTICS PTY LTD |
| LONG D T PTY LTD |
| TRUCKHAUL ASSET MANAGEMENT PTY LTD |
| J & M WOOLCOCK TRANSPORT PTY LTD |
| YUVI TRANSPORT PTY LTD |
| GM & J LOMBARDI PTY LTD |
| CJD EQUIPMENT- CENTRALISED |
| TRANSMECH AUSTRALIA PTY LTD |
| K & K FLEET SERVICE PTY LTD |
| TRAILER SALES (NQ) PTY LTD |
| THE BROWN & HURLEY GROUP PTY LTD |
| MOBILE TRACKING & DATA PTY LTD |
| J&T INSPECTIONS |
| DIESEL WORX PTY LTD |
| WEBSTER TRUCKS (MOTORS TAS) |
| JME ENGINEERING PTY LTD |
| TRANSPORT 2000 |

Schedule D - Schedule 8A to the Regulations

Schedule 8A—Deed of company arrangement—prescribed provisions
(regulation 5.3A.06)

1. Administrator deemed agent of company

In exercising the powers conferred by this deed and carrying out the duties arising under this deed, the administrator is taken to act as agent for and on behalf of the company.

2. Powers of administrator

For the purpose only of administering this deed, the administrator has the following powers:

- (a) to enter upon or take possession of the property of the company;
- (b) to lease or let on hire property of the company;
- (c) to grant options over property of the company on such conditions as the administrator thinks fit;
- (d) to insure property of the company;
- (e) to repair, renew or enlarge property of the company;
- (f) to call in, collect or convert into money the property of the company;
- (g) to administer the assets available for the payment of claims of creditors in accordance with the provisions of this deed;
- (h) to purchase, hire, lease or otherwise acquire any property or interest in property from any person or corporation;
- (i) to borrow or raise money, whether secured upon any or all of the assets of the company or unsecured, for any period on such terms as the administrator thinks fit and whether in substitution for any existing security or otherwise;
- (j) to bring, prosecute and defend in the name and on behalf of the company or in the name of the administrator any actions, suits or proceedings;
- (k) to refer to arbitration any question affecting the company;
- (l) to make payments to any secured creditor of the company and any person who is the owner or lessor of property possessed used or occupied by the company;
- (m) to convene and hold meetings of the members or creditors of the company for any purpose the administrator thinks fit;
- (n) to make interim or other distributions of the proceeds of the realisation of the assets available for the payment of claims of creditors as provided in this deed;

- (o) to appoint agents to do any business or to attend to any matter or affairs of the company that the administrator is unable to do, or that it is unreasonable to expect the administrator to do, in person;
- (p) to engage or discharge employees on behalf of the company;
- (q) to appoint a solicitor, accountant or other professionally qualified person to assist the administrator;
- (r) to permit any person authorised by the administrator to operate any account in the name of the company;
- (s) to sell, call in or convert into money any of the property of the company, to apply the money in accordance with this deed and otherwise effectively and properly to carry out his or her duties as administrator;
- (t) to do all acts and execute in the name and on behalf of the company all deeds, receipts and other documents, using the company's common or official seal when necessary;
- (u) subject to the *Bankruptcy Act 1966*, to prove in the bankruptcy of any contributory or debtor of the company or under any deed executed under that Act;
- (v) subject to the Corporations Act, to prove in the winding up of any contributory or debtor of the company or under any scheme of arrangement entered into, or deed of company arrangement executed, under the Corporations Act;
- (w) to draw, accept, make or endorse any bill of exchange or promissory note in the name and on behalf of the company;
- (x) to take out letters of administration of the estate of a deceased contributory or debtor, and do any other act necessary for obtaining payment of any money due from a contributory or debtor, or the estate of a contributory or debtor, that cannot be conveniently done in the name of the company;
- (y) to bring or defend an application for the winding up of the company;
- (z) to carry on the business of the company on such terms and conditions and for such purposes and times and in such manner as the administrator thinks fit subject only to the limitations imposed by this deed;
- (za) Omitted;
- (zb) Omitted;
- (zc) to enter into and complete any contract for the sale of shares in the company;
- (zd) to compromise any debts or claims brought by or against the company on such terms as the administrator thinks fit and to take security for the discharge of any debt forming part of the property of the company;
- (ze) to pay any class of creditors in full, subject to Subdivision D of Division 6 of Part 5.6 of the Corporations Act;

- (zf) to do anything that is incidental to exercising a power set out in this clause;
- (zg) to do anything else that is necessary or convenient for the purpose of administering this deed.

3. Termination of deed where arrangement fails

If the administrator or the committee of inspection determines that it is no longer practicable or desirable either to continue to carry on the business of the company or to implement this deed, the administrator:

- (a) may cease to carry on the business of the company except so far as is necessary for the beneficial winding up of the company;
- (b) must summon a meeting of creditors for the purpose of passing a resolution under section 445C(b) of the Corporations Act; and
- (c) must forward to each creditor not less than 14 days prior to the meeting an up-to-date report as to the position of the company accompanied by such financial statements as the administrator thinks fit, together with a statement that he or she does not think it practicable or desirable to carry on the business of the company or to continue this deed and that this deed will be terminated if the company's creditors resolve.

4. Priority

The administrator must apply the property of the company coming under his or her control under this deed in the order of priority specified in section 556, 560 or 561 of the Corporations Act.

5. Discharge of debts

The creditors must accept their entitlements under this deed in full satisfaction and complete discharge of all debts or claims which they have or claim to have against the company as at the day when the administration began and each of them will, if called upon to do so, execute and deliver to the company such forms of release of any such claim as the administrator requires.

6. Claims extinguished

If the administrator has paid to the creditors their full entitlements under this deed, all debts or claims, present or future, actual or contingent, due or which may become due by the company as a result of anything done or omitted by or on behalf of the company before the day when the administration began and each claim against the company as a result of anything done or omitted by or on behalf of the company before the day when the administration began is extinguished.

7. Bar to creditors' claims

Subject to section 444D of the Corporations Act this deed may be pleaded by the company against any creditor in bar of any debt or claim that is admissible under this deed and a creditor (whether the creditor's debt or claim is or is not admitted or established under this deed) must not, before the termination of this deed:

- (a) take or concur in the taking of any step to wind up the company; or
- (b) except for the purpose and to the extent provided in this deed, institute or prosecute any legal proceedings in relation to any debt incurred or alleged to have been incurred by the company before the day when the administration began; or
- (c) take any further step (including any step by way of legal or equitable execution) in any proceedings pending against or in relation to the company at the day when the administration began; or
- (d) exercise any right of set-off or cross-action to which the creditor would not have been entitled had the company been wound up at the day when the administration began; or
- (e) commence or take any further step in any arbitration against the company or to which the company is a party.

8. Making claims

- (1) Subdivisions A, B, C and E of Division 6 of Part 5.6 of the *Corporations Act 2001* apply to claims made under this deed as if the references to the liquidator were references to the administrator of this deed.
- (2) For subclause (1), the remainder of that Act, and the *Corporations Regulations 2001*, are taken to apply, as far as practicable, as if:
 - (a) a reference that is relevant to the liquidator were a reference in a form that is applicable to the administrator; and
 - (b) a reference that is relevant to any other matter relating to liquidation were a reference in a form that is applicable to the administration of this deed; and
 - (c) a reference to a **relevant date** were a reference to the date of the administrator's appointment.

9. Omitted

10. Omitted

11. Committee of inspection

For the purpose of advising and assisting the administrator of this deed, there may be a committee of inspection (the **committee**) to which the following rules apply:

- (a) the committee must consist of at least 3 and not more than 5 members;
- (b) the creditors must appoint the members in a general meeting;
- (c) a creditor is not entitled to have more than one representative (including the creditor himself or herself, if a natural person) on the committee;

- (d) minutes of all resolutions and proceedings of each meeting of the committee must be made and duly entered in books to be provided from time to time for that purpose by the administrator under this deed;
- (e) if the minutes of a meeting purport to be signed by the chairperson of the meeting at which the resolutions were passed or proceedings taken or by the chairperson of the next meeting of the committee, the minutes are *prima facie* evidence of the matters contained in them;
- (f) unless the contrary is proved, the meeting is taken to have been duly had and convened and all resolutions passed and proceedings taken at the meeting are taken to have been duly passed and taken;
- (g) a corporation (being otherwise qualified for membership of the committee) is not entitled to be a member of the committee but may appoint a person to represent it on the committee;
- (h) subsection 548(3) and sections 549, 550 and 551 of the Corporations Act apply, with such modifications as are necessary, to a committee of inspection established under this deed as if the references to the liquidator were references to the administrator of this deed and the references to contributories were deleted.

12. Termination of deed where arrangement achieves purpose

If the administrator has applied all of the proceeds of the realisation of the assets available for the payment of creditors or has paid to the creditors the sum of 100 cents in the dollar or any lesser sum determined by the creditors at a general meeting, the administrator must certify to that effect in writing and must within 28 days lodge with ASIC a notice of termination of this deed in the following form:

‘X PTY LIMITED

I, (*insert name and address*) as administrator of the deed of company arrangement executed on (*insert date*), CERTIFY that the deed has been wholly effectuated.’,

and the execution of the notice terminates this deed, but nothing in this clause relieves the administrator of his or her obligations under this deed.

18. Appendix 8 – Estimated Statement of Position

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Table 26: Administrator's Estimated Statement of Position

| | Note | Liquidation Low Case Scenario \$ | Liquidation Best Case Scenario \$ | DOCA Low Case Scenario \$ | DOCA High Case Scenario \$ |
|--|------|---|--|------------------------------------|-------------------------------------|
| Deed Contribution | 1 | - | - | 1,656,000 | 1,656,000 |
| Non-Circulating Asset Realisations | | | | | |
| Leasehold Improvements | 2 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| Plant and Equipment & Mobile Fleet | 3 | 13,907,585 | 22,917,990 | - | - |
| Real Property | 4 | 13,413,000 | 15,780,000 | - | - |
| Costs of Realisation | | | | - | - |
| Administrators Remuneration | | (1,285,049) | (1,285,049) | | |
| Liquidators Remuneration | | (400,000) | (350,000) | | |
| Agents and Valuers Fees | 5 | (2,756,788) | (4,226,699) | | |
| Property Transition Costs | 6 | (4,977,549) | (4,977,549) | (4,977,549) | (4,977,549) |
| Available Funds from Non-Circulating Assets | | 21,401,199 | 31,358,694 | (1,477,549) | (1,477,549) |
| Less: Secured Creditor Claim | | (116,125,649) | (61,125,649) | - | - |
| Surplus Funds for Distribution (excl Deed Contribution) | | - | - | (1,477,549) | (1,477,549) |
| Circulating Asset Realisations | | | | | |
| Cash at Bank at Appointment | 7 | 12,594,082 | 12,594,082 | 12,594,082 | 12,594,082 |
| Pre-Appointment Debtors | 8 | 17,397,088 | 17,397,088 | 17,397,088 | 17,397,088 |
| Estimated Net Trading | 9 | (10,139,389) | (8,178,352) | (10,188,794) | (8,227,757) |
| Pre-Appointment Employee Entitlements Paid | 10 | (3,857,575) | (3,857,575) | (3,857,575) | (3,857,575) |
| Other Receivables | 11 | 139,306 | 139,306 | 139,306 | 139,306 |
| Liquidator Claims | | | | | |
| Voidable Recoveries | 12 | - | - | N/A | N/A |
| Insolvent Trading Actions | 12 | - | - | N/A | N/A |
| Available Funds Before Costs | | 16,133,513 | 18,094,550 | 16,084,108 | 18,045,146 |
| External Administration Costs | | | | | |
| Administrators Remuneration | 13 | (1,656,194) | (1,656,194) | (2,941,242) | (2,941,242) |
| Administrators Disbursements | 13 | (30,000) | (26,864) | (30,000) | (26,864) |
| Estimated Deed Administrators Remuneration | 13 | N/A | N/A | (50,000) | (40,000) |
| Estimated Deed Administrators Disbursements | 13 | N/A | N/A | (1,000) | (1,000) |
| Estimated Creditor Trustee Remuneration | 13 | N/A | N/A | (225,000) | (200,000) |
| Estimated Creditor Trustee Disbursements | 13 | N/A | N/A | (10,000) | (5,000) |
| Estimated Liquidators Remuneration | 13 | (500,000) | (400,000) | N/A | N/A |
| Estimated Liquidators Disbursements | 13 | (25,000) | (20,000) | N/A | N/A |
| Estimated Legal Costs | 13 | (700,000) | (550,000) | (700,000) | (600,000) |
| Total External Administration Costs | | (2,911,194) | (2,653,058) | (3,957,242) | (3,814,106) |
| Estimated Surplus | | 13,222,320 | 15,441,492 | 10,649,317 | 12,753,490 |
| Remaining Available Cash paid to DOCA Proponent | 14 | N/A | N/A | (10,649,317) | (12,753,490) |
| Funds available to priority creditors | | 13,222,320 | 15,441,492 | 1,656,000 | 1,656,000 |
| Priority Creditors | | | | | |
| Outstanding Wages and Superannuation | 15 | - | - | - | - |
| Available distribution | | - | - | - | - |

Table 26: Administrator's Estimated Statement of Position

| | Note | Liquidation Low Case Scenario \$ | Liquidation Best Case Scenario \$ | DOCA Low Case Scenario \$ | DOCA High Case Scenario \$ |
|--|------|---|--|------------------------------------|-------------------------------------|
| Priority Creditors (Wages and Superannuation) cents/\$ | | - | - | - | - |
| Outstanding Leave Entitlements Available for distribution | 15 | 4,599,745 | 4,599,745 | - | - |
| Leave Entitlements cents/\$ | | 100.0 | 100.0 | - | - |
| Redundancy and Payment in Lieu (PILN) Available for distribution | 15 | 12,329,791 | 12,329,791 | - | - |
| Priority Creditors (Other Entitlements) cents/\$ | | 69.9 | 87.9 | - | - |
| Surplus of Circulating Assets Available to Secured Creditor | | - | - | - | - |
| Available to Unsecured Creditors | | - | - | 1,656,000 | 1,656,000 |
| Estimated Unsecured Creditor Pool | 16 | | | | |
| Pool A Creditors | | - | - | 2,491,702 | 2,532,953 |
| Pool B Creditors | | - | - | 7,144,091 | 7,167,238 |
| Pool C Creditors | | - | - | 42,736,297 | 43,608,297 |
| Estimated Return (c/\$) | 16 | | | | |
| Pool A Creditors | | - | - | 47.0 | 47.0 |
| Pool B Creditors | | - | - | 5.0 | 5.0 |
| Pool C Creditors | | - | - | 0.3 | 0.5 |
| Estimated Return (\$) | | | | | |
| Pool A Creditors | | - | - | 1,171,100 | 1,190,488 |
| Pool B Creditors | | - | - | 357,205 | 358,362 |
| Pool C Creditors | | - | - | 106,841 | 218,041 |

Note 1 – Deed Contribution

On 10 June 2021, the DOCA Proponent provided a draft DOCA proposal that included a pooled mechanism that pools unsecured creditors into three categories with a cash contribution of \$1,656,000. The DOCA proposal prescribes the use of these funds per the distribution waterfall to the pooled creditors. Further details regarding the DOCA Proposal is detailed in **Section 8**.

Note 2 – Leasehold Improvements

Proceeds from the sale of leasehold improvements throughout the course of the Administration.

Note 3 – Plant and Equipment & Mobile Fleet:

Shortly following the Appointment, the Administrators instructed Slattery Auctions to conduct a valuation of the assets of the Company. Table 29 below provides the MV and ARV values:

| State | Market Value | Auction Realisable Value |
|--------------|---------------------|---------------------------------|
| NSW | \$3,835,510 | \$2,282,735 |
| NT | \$677,400 | \$439,200 |
| QLD | \$5,147,930 | \$3,184,350 |
| VIC | \$6,743,120 | \$3,908,720 |
| WA | \$3,566,250 | \$2,224,690 |
| SA | \$2,046,280 | \$1,288,890 |
| TAS | \$901,500 | \$579,000 |
| Total | \$22,917,990 | \$13,907,585 |

Note 4 – Real Property:

We conducted property searches at appointment and confirm that the Company owns one property at 66 West Dapto Road, Kembla Grange NSW 2526. The Administrators sought a property valuation from Acumentis Property Valuers and received the report on 30 April 2021. The property valuation report provided a valuation of \$15,780,000. We have included a 15% discount for the low case liquidation scenario to reflect a distressed sale.

Note 5 – Costs of Realisation:

Estimate of costs, including remuneration and disbursements if the Company were to enter into Liquidation are provided in **Appendix 6**.

Costs of realisation have been estimated at a rate of 15% for plant and equipment and mobile fleet while it has been calculated at 2% for realisation of real property for both the low and best case liquidation scenarios.

Note 6 – Property Transition Costs:

Property transition costs consist of two components:

1. Transition costs associated with property rationalisation; and
2. Payments required as part of continuing lease negotiations.

Note 7 – Cash at Bank at Appointment:

As provided in **Section 6**, the Company held \$12.6m upon appointment. The pre-appointment bank account remained open during the Administration for receipts only and was frequently swept into the Administrators' bank account.

Note 8 – Pre-Appointment Debtors:

As at the date of this report, a total of pre-appointment debtors in the amount of \$17.40m has been recovered.

Note 9 – Estimated Net Trading:

The estimated net trading position represents the forecast net position of the Company as a result of actual receipts and payments incurred, as well as the estimated accrued liabilities and receivables generated during the administration period to the meeting of creditors in a liquidation scenario (being 22 June 2021) or the sunset date in the DOCA scenario (being 30 June 2021). For a full breakdown of trading cash receipts and payments for the period of the Administration to 4 June 2021, please refer to **Section 6.2.4**.

Note 10 – Pre-Appointment Employee Entitlements Paid:

This represents pre-appointment employee liabilities paid in the ordinary course of business and in relation to the workforce rationalisation program.

Note 11 – Other Receivables:

Other receivables refer to Workcover refunds received based off actual wages for the period prior to the Administrators appointment.

We have received the following refunds from Workcover per state to date:

- Queensland: \$72,970.09
- South Australia: \$66,336

Note 12 – Voidable Recoveries:

Assumes no insolvent trading claims or voidable transactions are recoverable. See **Section 7** for further details.

Note 13 – External Administration Costs

Estimate of costs, including remuneration and disbursements under each scenario. Further details are provided in **Appendix 4**.

Note 14 – Remaining Available Cash paid to DOCA Proponent

Amount to be provided to the Company upon completion of the DOCA, further details are provided in **Section 8**.

Note 15 – Priority Creditors

Pre-appointment employee entitlements owing including for annual leave, leave loading, rostered day off (where applicable) as well as estimated payment in lieu of service and redundancy in a liquidation scenario. We note that the DOCA provides for the preservation of employee entitlements in the Company upon DOCA completion (see **Section 8** for more details).

Note 16 – Estimated Unsecured Creditor Pool

Please see **Section 8** for more details regarding the pooling mechanism and distribution waterfall. The creditor claims vary due to company records and the proofs of debts received as at the date of this report.