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6 June 2025

CIRCULAR TO ELIGIBLE EMPLOYEE CREDITORS

CENTREX LIMITED ACN 096 298 752 (Administrators Appointed)

AGRIFLEX PTY LTD ACN 132 019 357 (Administrators Appointed)

(“THE COMPANIES”)

I refer to the appointment of John Park and I, Joanne Dunn, as Joint and Several Administrators of the Companies on 3 March 2025.

The intention of this circular is to provide employees with information for the purposes of the meeting of eligible employee creditors of the Companies, which is to be held on **Monday, 16 June 2025 at 10:00AM (AEST)** (prior to reconvening the Second Meeting of Creditors which will be reconvened on Monday, 16 June 2025 at 2:00PM (AEST)).

The Administrators are required by law to convene a meeting of eligible employee creditors where a Deed of Company Arrangement (“DOCA”) is proposed, which does not include a provision whereby employee creditors are entitled to a priority at least equal to what they would have been entitled in accordance with certain sections of the Corporations Act (“the Priority Provisions”).

This circular explains how the proposed DOCA impacts employees’ entitlements and ongoing employment, and the alternate option of a liquidation and its impact on employees.

The full details of the future options available to the Company, the estimated return to creditors under the available options and the Administrators’ recommendation, is provided in our report which will be available for download by 11:30PM (AEST) on Friday, 6 June 2025 from the FTI Consulting Creditor Portal: <https://www.fticonsulting.com/creditors/centrex-limited-and-agriflex-pty-ltd>.

1. DOCA PROPOSAL

1.1 What is a DOCA?

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

The proponent is an interested party who wishes 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 director.

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1.2 Proposal for a DOCA

A DOCA has been proposed by PRL Global Ltd (“the Proponent”).

The proposed DOCA **WILL NOT** include a provision to the effect that all employees will receive a priority equal to what they would have been entitled under the Priority Provisions of the Corporations Act (“the Act”).

The DOCA proposes that claims for leave entitlements of continuing employees will not be paid from the DOCA. Instead, such claims will be preserved and be paid by the Companies in the ordinary course of business (as and when employees take leave, subject to usual business requirements).

Similarly, continuing employees will not be able to make claims for redundancy or other termination entitlements because their employment will continue.

1.3 Return under the proposed DOCA

The non-inclusion of the Priority Provisions for continuing employees will likely result in the payment in full of the following under the DOCA (to the extent there are sufficient funds available):

1. Superannuation for the period 1 January 2025 to 3 March 2025;
2. Unpaid wages of staff no longer employed by the Company; and
3. Outstanding leave entitlements, redundancy and payment in lieu of notice for staff who resigned or were terminated prior to, or during the Voluntary Administration.

1.4 Variation to priority entitlements

The deferment of the payment of entitlements of continuing employees is a variation to the Priority Provisions under Section 556 of the Act. We therefore **must** hold a separate meeting of eligible employee creditors to vote on this aspect of the proposed DOCA, in order for the DOCA Proposal to then be considered by all creditors, at the upcoming Reconvened Second Meeting of Creditors.

2. LIQUIDATION

In the alternate to a DOCA, creditors can resolve that the Companies be wound up and placed into liquidation. Under a liquidation scenario, the Liquidators will likely conduct an orderly wind down which would not see continued employment for staff.

Should the Companies be wound up, employees will be able to lodge a claim under the Federal Government’s Fair Entitlements Guarantee (“FEG”) Scheme (subject to certain FEG scheme eligibility criteria) for their entitlements.

The FEG Scheme does not extend to superannuation entitlements.

3. ADMINISTRATORS' RECOMMENDATION

It is the Administrators' opinion the non-inclusion of the Priority Provisions in the DOCA Proposal would likely result in the same or a better outcome for employee creditors as a whole than would result from an immediate winding up of the Companies because of the following:

1. If the Administrators sought to include the Priority Provisions, the DOCA would not be workable and would likely be withdrawn. If the DOCA were withdrawn, the alternative would be to place the Companies in liquidation.
2. It is anticipated the Companies would cease trading in a winding up scenario, which would result in the termination of the employment all staff.
3. It is estimated there would be insufficient asset realisations in a winding up scenario to enable the payment of all employee entitlements in full.
4. Although the FEG Scheme might enable payment in a liquidation scenario of some, or all of each employees' claim (subject to the program's usual eligibility requirements), we note the following:
 - i. The FEG Scheme does not cover all entitlements;
 - ii. Guidelines provided under the FEG scheme indicate they aim to process claims within 16 weeks of a claim being made.
 - iii. Employees would no longer have ongoing employment in a liquidation scenario. However, under the proposed DOCA, employees will retain their employment; and
 - iv. If at the Reconvened Second Meeting of Creditors the creditors' vote for the DOCA Proposal, but the DOCA later fails, the Companies would then be placed into liquidation and employees would, at that time, have access to the FEG Scheme (subject to the program's usual eligibility requirements).

Further, it is not appropriate that the voluntary administration ends as the Companies are insolvent.

In these circumstances, the Administrators consider that it is in the interests of the eligible employee creditors to vote for the non-inclusion of the Priority Provision for continuing employees in the DOCA Proposal and to vote for the Companies executing a deed of company arrangement.

4. MEETING OF ELIGIBLE EMPLOYEE CREDITORS

As discussed above, as the DOCA Proposal from PRL Global Ltd **DOES NOT** include a provision to the effect continuing employees will receive a priority equal to what they would have been entitled under the Priority Provisions of the Act, a meeting of eligible employee creditors must be convened to obtain the approval of eligible employee creditors to vary the statutory priorities under Section 556 of the Act.

The meeting of eligible employee creditors of the Companies will be held on **Monday, 16 June 2025 at 10:00AM (AEST)** via electronic means (Microsoft Teams).

You will receive an email closer to the date of the meeting with the relevant link to access the meeting.

The following documents will be available for reviewing and download by 11:30PM (AEST) on Friday, 6 June 2025 from the FTI Consulting Creditor Portal:

<https://www.fticonsulting.com/creditors/centrex-limited-and-agriflex-pty-ltd>:

1. Circular to Eligible Employees
2. Notice of Eligible Employee Meeting
3. Appointment of Proxy Form for Eligible Employee Meeting
4. Proof of Debt Form

The Administrators have lodged a Proof of Debt Form on behalf of all employees for outstanding entitlements as advised to you in our April 2025 correspondence. Should you disagree with the amount advised as owing, you are welcome to lodge your own Proof of Debt Form, which is available at the above FTI Consulting Creditor Portal link.

Should you want someone else to attend on your behalf, you will be required to complete a proxy form and have this returned by **4:00PM (AEST)** on **Friday, 13 June 2025** via email to Centrex@fticonsulting.com or Agriflex@fticonsulting.com.au.

5. CONTACT DETAILS

Should you have any queries in relation to the second meeting of creditors, the enclosed documents or the voluntary administration generally, please contact this office on (07) 3225 4900 or Centrex@fticonsulting.com or Agriflex@fticonsulting.com.au.

Yours faithfully



Joanne Dunn
Administrator