

15. Appendix 5 – Client job status as at 7 December 2021

	Open	Resolved	Total
QLD			
Pre-Construction	334	66	400
Active Job	15	158	173
Handover	107	13	120
Under Contract (sell only)	28	17	45
Job Complete - Maintenance	-	136	136
Total	484	390	874
NSW			
Pre-Construction	95	37	132
Active Job	83	37	120
Handover	70	3	73
Under Contract (sell only)	18	2	20
Job Complete - Maintenance	-	61	61
Total	266	140	406
VIC			
Pre-Construction	318	71	389
Active Job	153	33	186
Handover	100	10	110
Under Contract (sell only)	28	-	28
Job Complete - Maintenance	1	154	155
Total	600	268	868
Total	1,350	798	2,148

Note: data extracted on 7 December 2021

16. Appendix 6 – Receipts and payments

The cash receipts and payments for the Companies during the administration period from 17 November 2021 to 9 December 2021 is below.

Impact Land Pty Ltd	
Description	Total (\$)
Non-trading receipts	
Accounts receivable	85,000.00
Total non-trading receipts	85,000.00
Non-trading payments	
Total non-trading payments	-
Net receipts/(payments)	85,000.00

Residences on Bass Pty Ltd	
Description	Total (\$)
Non-trading receipts	
Total non-trading receipts	-
Non-trading payments	
Total non-trading payments	-
Net receipts/(payments)	-

Privium Developments Pty Ltd	
Description	Total (\$)
Non-trading receipts	
Sweep of cash at appointment	5,007.45
Total non-trading receipts	5,007.45
Non-trading payments	
Total non-trading payments	-
Net receipts/(payments)	5,007.45

Privium Civil Pty Ltd	
Description	Total (\$)
Non-trading receipts	
Sweep of cash at appointment	100,000.00
Monies held on trust	567.38
Total non-trading receipts	100,567.38
Non-trading payments	
Total non-trading payments	-
Net receipts/(payments)	100,567.38

Impact Specs Pty Ltd	
Description	Total (\$)
Non-trading receipts	
Sweep of cash at appointment	1,238.15
Total non-trading receipts	1,238.15
Non-trading payments	
Total non-trading payments	-
Net receipts/(payments)	1,238.15

Privium Assets Pty Ltd	
Description	Total (\$)
Non-trading receipts	
Accounts receivable	20,900.00
Total non-trading receipts	20,900.00
Non-trading payments	
Total non-trading payments	-
Net receipts/(payments)	20,900.00

Privium Group Pty Ltd

Description	Total (\$)
Non-trading receipts	
Sweep of cash at appointment	220.21
Monies held on trust	100,000.00
Total non-trading receipts	100,220.21
Non-trading payments	
Search fees*	(88.20)
Total non-trading payments	(88.20)
Net receipts/(payments)	100,132.01

*The payment for search fees was made via cheque, which has yet to be presented

Privium Pty Ltd

Description	Total (\$)
Non-trading receipts	
Sweep of cash at appointment	1,608,539.17
Accounts receivable	147,185.66
Total non-trading receipts	1,755,724.83
Non-trading payments	
Labour hire	(12,258.71)
Insurance brokerage fees	(517.00)
Total non-trading payments	(12,775.71)
Net receipts/(payments)	1,742,949.12

Privium Investments Pty Ltd

Description	Total (\$)
Non-trading receipts	
Sweep of cash at appointment	28.85
Accounts receivable	258,613.68
Total non-trading receipts	258,642.53
Non-trading payments	
Total non-trading payments	-
Net receipts/(payments)	258,642.53

17. Appendix 7 – Company's financial position at appointment

Privium Group Pty Ltd

The table below provides a summary of the Director's ROCAP Part A for Privium Group Pty Ltd ROCAP and Administrators' ERV.

Table 46: Director's ROCAP Privium Group Pty Ltd

	Note	Director's ROCAP ERV	Administrators' High ERV	Administrators' Low ERV
Assets				
Cash and Cash Equivalents	1	350	100,220	100,220
Trade Debtors	2	-	-	-
Plant & Equipment/Other Assets	3	7,046,067	-	-
Motor Vehicles	4	-	-	-
Real Property	5	-	-	-
Inventory	6	-	-	-
Other Assets	7	66,156,373	Unknown	-
Total Assets		73,202,791	Unknown	100,220
Liabilities				
Secured Creditors	8	23,976,039	23,040,000	Unknown
Employee Entitlements	9	-	-	-
Trade Creditors	10	-	511,835	511,835
Statutory Liabilities	11	103,345	103,345	103,345
Other Liabilities	12	11,575,710	11,575,710	11,575,710
Total Liabilities		35,655,094	35,230,890	Unknown
Net Assets		37,547,697	Unknown	Unknown

Note 1 – Cash and Cash Equivalents

The Director's ROCAP disclosed a balance of \$350 held in cash and cash equivalents.

Upon our appointment, correspondence was issued to all major banking institutions, as well as Bartercard, notifying them of our appointment and to confirm all bank accounts held by Privium Group.

Two bank accounts with Westpac Banking Corporation were identified with a total balance of \$240. These funds have been transferred to the Administration bank account and net of bank fees, we have recovered a sum of \$220 from the bank account of Privium Group.

In addition to the above, the Administrators were made aware of funds in the amount of \$100,000 held on trust by Privium Group's lawyer, Mills Oakley. Mills Oakley have transferred these funds into our Administration bank account.

Note 2 – Trade Debtors

The Director did not disclose any trade debtors in his ROCAP. After further review of the financials and discussions with Privium's finance team, it does not appear any trade debtors exist in this entity.

Note 3 and 4 – Plant & Equipment, Motor Vehicles & Other Assets

The Director's ROCAP stated there were Plant & Equipment/Other Assets worth c.\$7.05m and no motor vehicles.

Upon appointment, the Administrators immediately undertook motor vehicle searches, wrote to secured parties registered on the PPSR and reviewed the financials to determine asset ownership.

The only potential asset identified for this entity was the lease of office equipment, which we determined held no equity and advised Fujifilm Leasing the Administrators would not be exercising any rights in respect of these items.

After further review of the financials and discussions with Privium's finance team we could not identify any assets worth c.\$7.05million in this entity. Privium Groups' accounts appears to show this figure being rolled over in the accounts since FY17.

It is unlikely there are any assets or recoveries available in relation to this category.

Note 5 – Real Property

The Director did not disclose any real property in their ROCAP.

Upon appointment, the Administrators completed property searches on Privium Group and we confirm there is no real property owned by Privium Group.

Note 6 – Inventory

The Director did not disclose any inventory in his ROCAP and we are not aware of any inventory for this entity.

Note 7 – Other Assets

The Director disclosed other assets totalling c.\$66.2m in the ROCAP. A summary of the other assets are as follows:

Shares in Private Company

The Director disclosed Shares in Private Company's in the amount of c.\$17.65m. A summary of the shares held is as follows:

Table 47: Shares in Private Companies

Company	Director's ROCAP ERV	Administrators' Comments
Privium Pty Ltd	13,088,014	This entity is under Administration; consequently it is the Administrators' opinion these shares do not have any value for the benefit of creditors nor will there be a return to shareholders in this entity's Administration.
Privium Townhouses Pty Ltd (formerly Integra Homes)	3,863,433	The Administrators are currently investigating whether these shares are of any value to benefit creditors
Impact Admin	100	The Administrators are not aware of any assets in the name of this entity so we are of the opinion these shares do not hold any value for the benefit of creditors.
Privium Assets Pty Ltd	100	This entity is under Administration; consequently it is the Administrators' opinion these shares do not have any value for the benefit of creditors nor will there be a return to shareholders in this entity's Administration.
Privium Investments Pty Ltd	109	This entity is under Administration; consequently it is the Administrators' opinion these shares do not have any value for the benefit of creditors nor will there be a return to shareholders in this entity's Administration.
Impact Land Pty Ltd	100	This entity is under Administration; consequently it is the Administrators' opinion these shares do not have any value for the benefit of creditors nor will there be a return to shareholders in this entity's Administration.
SJ & R Pty Ltd (now ihub)	1,003	The Administrators are currently investigating whether these shares are of any value to benefit of creditors.
Impact Specs Pty Ltd	100	This entity is under Administration; consequently it is the Administrators' opinion these shares do not have any value for the benefit of creditors nor will there be a return to shareholders in this entity's Administration.
Privium Developments Pty Ltd	102	This entity is under Administration; consequently it is the Administrators' opinion these shares do not have any value for the benefit of creditors nor will there be a return to shareholders in this entity's Administration.
Impact Dev Pty Ltd	100	The Administrators are currently investigating whether Impact Dev Pty Ltd holds any assets. At this stage it is unknown if these shares are of any value to benefit of creditors. If the shares do have a value, we need to consider whether it is commercial to realise the shares, noting the value may be minimal.

Residences on Bass Pty Ltd	100	This entity is under Administration; consequently it is the Administrators' opinion these shares do not have any value for the benefit of creditors nor will there be a return to shareholders in this entity's Administration.
Littleton Villas JV	6	The Administrators are currently investigating whether Littleton Villas JV holds any assets so it is unknown if these shares are of any value to benefit of creditors. If the shares do have a value, we need to consider whether it is commercial to realise the shares, noting the value may be minimal.
Impact Res	100	The Administrators are currently investigating whether this Company holds any assets. At this stage it is unknown if these shares are of any value to benefit of creditors. If the shares do have a value, we need to consider whether it is commercial to realise the shares, noting the value may be minimal.
Impact Land PC	100	The Administrators are currently investigating whether this Company holds any assets. At this stage it is unknown if these shares are of any value to benefit of creditors. If the shares do have a value, we need to consider whether it is commercial to realise the shares, noting the value may be minimal.
Landscaping Impact	49	The Administrators are currently investigating whether this Company holds any assets. At this stage it is unknown if these shares are of any value to benefit of creditors. If the shares do have a value, we need to consider whether it is commercial to realise the shares, noting the value may be minimal.
Privium Civil Pty Ltd	700,100	This entity is under Administration; consequently it is the Administrators' opinion these shares do not have any value for the benefit of creditors nor will there be a return to shareholders in this entity's Administration.
Total	17,653,616	

Loans: Non-Related Party

The Director disclosed non-related party loans of c.\$244,000 in the ROCAP. After further review of the financials and discussions with Privium's finance team, it was determined these loans were for the costs incurred in obtaining the corporate bonds such as legal fees, accounting and application fees and were recorded incorrectly in the accounts. Given that, there will be no realisation for this item for the benefit of creditors.

Loans: Related Parties

The Director's ROCAP disclosed related party loans owing to Privium Group in the amount of c.\$39.5million. The following table provides a breakdown of loans provided to related parties:

Table 48: Related Party Loans

Company	Director's ROCAP ERV	Administrators' Comments
Impact Land Pty Ltd	70,256	This company is under Administration. Any return from this source, which is unlikely, is subject to the outcome of the Administration.
Privium Investments Pty Ltd	38,507,894	This company is under Administration. Any return from this source, which is unlikely, is subject to the outcome of the Administration.
Impact Integra	414,320	The Administrators are currently investigating the recoverability of this loan account.
Privium Townhouses Pty Ltd	430,394	The Administrators are currently investigating the recoverability of this loan account.
Impact RES	99,850	The Administrators are currently investigating the recoverability of this loan account.
Total	39,522,714	

For further information regarding related party transactions, please refer to **Section 5.2 of this report**.

Taxation Provisions / Deferred Taxation Assets

The Director's ROCAP stated there was Deferred Tax Assets and Provision for Taxation in the amount of c.\$714,00 and c.\$8million respectively. Given these items are accounting entries only, there will be no realisation from these sources.

Goodwill

There was goodwill of c.\$2,000 in the ROCAP. As the entities in Administration, there should be no value prescribed to this item.

Note 8 – Secured Creditors

Upon appointment, the Administrators conducted a search on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR Security Interest can be found in **Appendix 2**.

The Director's ROCAP included liabilities to FIIG Bonds (CL) and FIIG Bonds (NCL) in the amount of c.\$3.3m and c.\$20.7m respectively. This liability relates to securities provided by BNY Mellon, via Permanent Custodians, for secured loans. We have received a Proof of Debt from BNY Mellon in the amount of c.\$23m.

We note BNY Mellon's debt is cross-collateralised across seven entities subject to our appointment.

In addition, the PPSR search revealed an ALLPAAP registration to Open Gold Capital Pty Ltd which we are seeking legal advice to determine its validity. For the purposes of the Administrators' ERV this is unknown and reflected accordingly in the table above.

Note 9 – Employee Entitlements

Privium Group did not employ staff and all services provided were contracted through Joli Limited.

Note 10 – Trade Creditors

The Director disclosed no trade creditors in the ROCAP. The Administrators' ERVs have been taken from the proof of debts received in the Administration and unpaid invoices where creditors are yet to submit a claim. We note these amounts have not been adjudicated and are subject to change.

Note 11 – Statutory Creditors

The Director's ROCAP has indicated there is c.\$103k owing to the Australia Taxation Office ("ATO") for goods and services tax. A proof of debt is yet to be submitted by the ATO.

Furthermore, as Privium Group did not employ staff, there is no liability for payroll tax.

Note 12 – Other Liabilities

The Director's ROCAP disclosed other liabilities of loans where Privium Group borrowed c.\$11.6m from related parties to fund operations.

A summary of the related party loans are as follows:

Table 49: Related Party Loans

Company	Director's ROCAP ERV	Administrators' Comments
Privium Assets Pty Ltd	3,643,989	The company is under Administration and will be classified as an unsecured creditor in this Administration.
Privium Pty Ltd	4,128,299	The company is under Administration and will be classified as an unsecured creditor in this Administration.
Privium Civil Pty Ltd	352,752	The company is under Administration and will be classified as an unsecured creditor in this Administration.
Impact Land Pty Ltd	111	The company is under Administration and will be classified as an unsecured creditor in this Administration.
Privium Developments Pty Ltd	3,362,717	The company is under Administration and will be classified as an unsecured creditor in this Administration.
Impact Specs Pty Ltd	87,843	The company is under Administration and will be classified as an unsecured creditor in this Administration.
Total	11,575,710	

For further information in regards to related party loans please refer to Section 5.2

Privium Pty Ltd

The table below provides a summary of the Director's ROCAP Part A for Privium Pty Ltd and Administrators' ERV.

Table 50: Director's ROCAP Privium Pty Ltd

	Note	Director's ROCAP ERV	Administrators' High ERV	Administrators' Low ERV
Cash and Cash Equivalents	1	3,470,915	799,098	799,098
Trade Debtors	2	4,096,650	1,822,161	326,446
Work in Progress	3	11,904,168	Unknown	-
Contract Assets	4	14,660,295	Unknown	-
Plant & Equipment	5	-	-	-
Motor Vehicles	6	-	-	-
Real Property	7	-	-	-
Inventory	8	-	-	-
Other Assets	9	8,029,877	Unknown	-
Total Assets		42,161,906	Unknown	1,125,544
Liabilities				
Secured Creditors	10	-	23,040,000	23,040,000
Employee Entitlements	11	-	-	-
Trade Creditors	12	15,378,205	26,689,410	26,689,410
Statutory Liabilities	13	118,438	118,438	118,438
Other Liabilities	14	13,533,975	7,792,681	7,792,681
Total Liabilities		29,030,618	57,640,529	57,640,529
Net Assets		13,131,288	Unknown	(56,514,985)

Note 1 – Cash and Cash Equivalents

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

The following accounts were identified as at appointment:

Table 51: Bank Accounts

Account Name	Banking Institution	Balance (\$)
Privium Pty Ltd	Bank of Queensland	745,608.05
Privium Homes Pty Ltd	Westpac Banking Corporation	53,540.32

The funds from the Bank of Queensland account, less bank fees, have been transferred to the Administration bank account totalling \$745,558.05. We requested the pre-appointment cash at bank from the Westpac Banking Corporation ("Westpac") and on 10 December 2021, Westpac transferred the pre-appointment balance into our Administration bank account along with additional funds received from the recovery of other assets such as debtors. The total funds transferred were \$863,011.12.

Note 2 – Trade debtors

The Director's ROCAP stated there was a balance of c.\$4.1m in trade debtors. The debtors relate to all progress claim invoices issued on the builds. Upon further review with Management, the total amount outstanding for trade debtors was c.\$4.9m. A summary of the debtor categories are as follows:

Table 52: Trade Debtor Summary

Description	Amount (\$)	Administrators' Comments
Practical Completion	\$1,050,394.58	The Administrators have collected circa \$326k of debtors in this category from the facilitation of property handovers of completed builds. The Administrators' estimate any further recoveries to range between nil and \$724k.
Progress Claims	\$3,858,832.50	The debtors who are included in this category generally have offsetting claims, consequently we estimate recoveries up to \$772k.
Total	\$4,909,227.08	

Note 3 – Work in Progress

The Director's ROCAP disclosed work in progress of c.\$11.9m whereby work in progress is defined as works completed but not yet invoiced as a progress claim.

The company entered into a Heads of Agreement with Torsion prior to our appointment as Administrators, by which Torsion could acquire the company's interest in the Queensland contracts currently under construction. Our preliminary investigation into the contracts has determined 168 contracts have already been novated. Consideration payable under this agreement is calculated as any profit in excess of the aggregate amount (\$20,000 from each novated contract). Any profit Privium may receive will not be quantified until completion of the last novated contract and as such, is currently unknown. This is discussed in more detail in **Section 6.3** of this Report. We note, Privium cannot complete any of the works in progress, consequently, we do not estimate any monies will be recovered for this asset category other than any funds we may recover from the Torsion agreement.

Note 4 – Contract Assets

The Director's ROCAP stated there was contract assets totalling c.\$14.7m for revenue contingent on works being carried out i.e. the value of homes not yet under construction.

Privium entered into a Heads of Agreement with Homecorp Constructions Pty Ltd prior to our appointment as Administrators to acquire, amongst other physical assets, the assignment of approximately 200 unconditional building contracts in Queensland, which are yet to commence construction. Consideration payable for the assigned building contracts is calculated as any profit derived from Homecorp above an aggregated amount of \$40,000 multiplied by the number of assigned contracts. Any profit Privium may

receive will not be quantified until completion of the last novated contract and as such, is currently unknown. This is discussed in more detail in **Section 6.4** of this Report.

We note, Privium will not recover any funds from the homes not assigned to Homecorp as Privium is unable to complete the builds.

Note 5 and 6 – Plant & Equipment and motor vehicles

The Director's ROCAP stated there was no plant and equipment or motor vehicles.

Upon appointment, the Administrators immediately undertook motor vehicle searches and wrote to secured parties registered on the PPSR.

We have been corresponding with the secured parties who registered their securities with the description as "motor vehicles." The parties have advised that "motor vehicles" were trailers with signboards which can travel at speeds greater than 10km per hour and consequently were required to be registered in that category. Further investigations revealed these "motor vehicles" had no equity so these were disclaimed by the Administrators.

We have received confirmation no motor vehicles are registered by Privium in Queensland and are awaiting confirmation from the New South Wales and Victorian regulatory bodies.

Note 7 – Real Property

The Director did not disclose any real property in their ROCAP.

Upon appointment, the Administrators completed property searches on Privium Pty Ltd and we confirm there is no real property owned.

Note 8 – Inventory

The Director did not disclose any inventory in their ROCAP.

Note 9 – Other Assets

The Director's ROCAP identified other assets totalling c.\$8m. A summary of the other assets owned by Privium Pty Ltd are discussed below.

Qoin:

The Director disclosed c.\$3.9m of Qoin in the ROCAP. Qoin is the "trade dollars" for the Batecard network to sell or purchase goods and services. We note Qoin can only be used through Batecard and is not able to be converted into cash.

The Administrators are currently investigating if the Qoin can be sold to a third party for cash for the benefit of creditors.

Goodwill:

There was goodwill of \$3,050 in the ROCAP, and as Privium is in Administration, there is no value prescribed to this item.

Investment

The Director's ROCAP detailed an investment into the Privium Admin Services Trust for \$100. Management advised this trust has separate equity owners to the other subsidiaries in The Privium Group so it was determined during the 2021 financial year to buy ownership. Given the limited value of the investment, it is not commercial for the Administrators to pursue this matter any further.

Loans: Related Party

The Director disclosed in the ROCAP Privium Pty Ltd loaned funds in the amount of c.\$4.1m to Privium Group Pty Ltd. Given Privium Group Pty Ltd is in Administration, any recovery is unlikely and will be subject to the outcome of the Administration.

For further information regarding related party loans please refer to **Section 5.2**.

Note 10 – Secured Creditors

As previously advised, the Administrators conducted a search on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR Security Interest can be found in **Appendix 2**.

BNY Mellon has a cross-collateral security across seven entities subject to our appointment for the financial bonds. We have received a Proof of Debt from BNY Mellon in the amount of c.\$23m in respect of the bonds.

In addition to the above and further to our comments at Note 5 and 6, all other parties detailed on the PPSR are for retention of title claims for materials provided for the builds. We are currently liaising with the parties to determine the validity of the claims and obtain discharges for the security where applicable.

Note 11 – Employee Entitlements

Privium Pty Ltd did not employ staff and all services provided to the company were contracted through Joil Limited.

Note 12 – Trade Creditors

The Administrators' ERVs have been taken from creditors outstanding at the date of appointment as per the Director's ROCAP as well as the proof of debts received in the administration. Our estimate also includes proof of debts received from the company's customers, where they are owed money and the home warranty insurance will not cover the losses. We note these amounts have not been adjudicated and are subject to change.

Note 13 – Statutory Creditors

The Director's ROCAP has indicated there is c.\$118k owing to the Australia Taxation Office ("ATO") for goods and services tax. A proof of debt is yet to be submitted by the ATO.

Furthermore, as Privium Pty Ltd did not employ staff, there is no liability for payroll tax.

Note 14 – Other Liabilities

The Director's ROCAP identified other liabilities totalling c.\$13.5m. A summary of the other liabilities owed by Privium Pty Ltd are discussed below.

Table 53: Other Liabilities

Item	Directors' ROCAP ERV	Administrators' Comments
Provision for Doubtful Debts	274,633	This provision is an accounting entry for debtor amounts which may not be recovered.
Deferred Tax	4,727,206	The deferred tax liability represents an accounting entry which indicates the timing differences between taxable and accounting income. As previously advised, the ATO is yet to submit a proof of debt.
Revenue received in advance	148,545	Money received from clients for works to be completed. The clients who made payment for these works should complete a proof of debt to claim in the Administration as an unsecured creditor.
Warranty Provision	590,909	This provision is an accounting entry for warranty works to be completed for finalised jobs. Any homeowners who require warranty works to be completed should contact the regulator in their applicable state and lodge a claim under their home warranty insurance.
Accrued Expenses	443,706	Any creditor who has performed services for the Company should complete a proof of debt to claim in the Administration as an unsecured creditor.
Loan: Privium Assets Pty Ltd	7,348,975	This company is under Administration and will be classified as an unsecured creditor in this Administration.
Total	13,533,975	

The Administrators' ERV is the total of the accrued expenses, revenue received in advance and loan from Privium Assets Pty Ltd.

Privium Investments Pty Ltd

The table below provides a summary of the Director's ROCAP Part A for Privium Investments Pty Ltd and Administrators' ERV.

Table 54: Director's ROCAP Privium Investments Pty Ltd

	Note	Director's ROCAP ERV	Administrators' High ERV	Administrators' Low ERV
Assets				
Cash and Cash Equivalents	1	\$9	29	29
Trade Debtors	2	-	-	-
Plant & Equipment	3	-	-	-
Motor Vehicles	4	-	-	-
Real Property	5	-	-	-
Inventory	6	-	-	-
Other Assets	7	44,347,061	Unknown	258,614
Total Assets		44,347,119	Unknown	258,614
Liabilities				
Secured Creditors	8	-	23,040,000	23,040,000
Employee Entitlements	9	-	-	-
Trade Creditors	10	-	-	-
Statutory Liabilities	11	-	-	-
Other Liabilities	12	56,350,821	56,350,821	56,350,821
Total Liabilities		56,350,821	79,390,821	79,390,821
Net Assets		(12,003,702)	Unknown	(79,132,179)

Note 1 – Cash and Cash Equivalents

The Director's ROCAP disclosed cash at bank of \$59.

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

A bank account with Westpac Banking Corporation was identified with a balance of \$48.85. These funds have been transferred to the Administration bank account and net of bank fees, we have recovered a sum of \$28.85 from the bank account of Privium Investments Pty Ltd.

Note 2 – Trade debtors

The Director did not disclose any trade debtors in his ROCAP. After further review of the financials and discussions with Privium's finance team, it does not appear any trade debtors exist in this entity.

Note 3 and 4 – Plant & Equipment and motor vehicles

The Director's ROCAP stated there was no plant and equipment or motor vehicles.

Upon appointment, the Administrators immediately undertook motor vehicle searches and wrote to secured parties registered on the PPSR. Although we have not received a definitive response from Sabin Developments Pty Ltd for details regarding its security, the Director advised it is not owed any money. Notwithstanding, the Administrators are not aware of any plant and equipment owned by Privium Investments Pty Ltd.

We have received confirmation that no motor vehicles are registered by the Company in Queensland and are awaiting confirmation from the New South Wales and Victorian regulatory bodies.

Note 5 – Real Property

The Director did not disclose any real property in their ROCAP.

Upon appointment, the Administrators completed property searches on Privium Investments Pty Ltd and we confirm there is no real property owned by the Company.

Note 6 – Inventory

The Director did not disclose any inventory in their ROCAP.

Note 7 – Other Assets

The Director disclosed other assets totalling c.\$44.3m in the ROCAP. A summary of the other assets are as follows:

Units in Funds

The Director provided details of an asset with the description Units in Funds for \$3,370,893 which relates to a fund which lends house deposits (or partial deposits) to clients who do not hold sufficient funds to obtain a loan from a financial institution. The fund is administered by Joli Limited who makes quarterly payments to the Company.

Upon our appointment, the Administrators became aware the Fund was required to make payment of c.\$259k for the September 2021 Quarter. The Administrators engaged with Joli Limited to facilitate the payment which was received into the Administration bank account on 6 December 2021.

We are still gathering information regarding the fund to determine if further funds can be recovered for the benefit of creditors.

Investments

The Director's ROCAP detailed an investment of \$615,038 in Growme (Aus) Pty Ltd. This investment and our investigations into its circumstances is detailed further in **Appendix 8** of this report. Creditors are advised however, it seems unlikely this amount will be recoverable.

Shares in Private Company

The Company holds a share (\$1) in Privium Assets Pty Ltd. Privium Assets is under Administration; consequently, it is the Administrators' opinion this share does not hold any value for the benefit of creditors nor will there be a return to shareholders in this entity's Administration.

Loans

The Director's ROCAP disclosed related loans owing to the company in the amount of approximately \$40.4m. The following table provides a breakdown of loans provided to related parties:

Table 55: Loans

Company/Individual	Related Party (Y/N)	Director's ROCAP ERV	Administrators' Comments
Paul Browne	Unknown	104,060	We have requested further information regarding this loan and we will continue to investigate to determine if this loan is recoverable for the benefit creditors.
Jay & Samantha Berends	Unknown	85,000	We have requested further information regarding this loan and we will continue to investigate to determine if this loan is recoverable for the benefit creditors.
Privium Assets Pty Ltd	Yes	40,172,068	This company is under Administration. Any return from this source, which is unlikely, is subject to the outcome of the Administration.
Total		40,361,128	

Note 8 – Secured Creditors

As previously advised, the Administrators conducted a search on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR Security Interest can be found in **Appendix 2**.

As previously discussed, BNY Mellon has a cross-collateral security across seven entities subject to our appointment for the financial bonds. We have received a Proof of Debt from BNY Mellon in the amount of c.\$23m in respect of the bonds.

Note 9 – Employee Entitlements

Privium Investments Pty Ltd did not employ staff and any services provided were contracted through Joli Limited.

Note 10 – Trade Creditors

The Administrators' have not received any proof of debts from trade creditors in the Administration.

Note 11 – Statutory Creditors

The Director's ROCAP has indicated there are no statutory creditors.

The Administrators are not aware of any statutory creditors.

Note 14 – Other Liabilities

The Director's ROCAP identified other liabilities totalling c.\$56.4m for loans borrowed from related parties. A summary of the related party loans are as follows:

Table 56: Related Party Loans

Company	Director's ROCAP ERV	Administrators' Comments
Privium Group Pty Ltd	38,507,894	The company is under Administration and has submitted a proof of debt for this amount to claim as an unsecured creditor.
Open Gold Capital Pty Ltd	17,842,927	The company is as an unsecured creditor in this Administration. Further investigation is being conducted into the transaction creating this loan.
Total	56,350,821	

Privium Assets Pty Ltd

The table below provides a summary of the Director's ROCAP Part A for Privium Assets Pty Ltd and the Administrators' ERVs.

Table 57: Director's ROCAP Privium Assets Pty Ltd

	Note	Director's ROCAP ERV	Administrators' High ERV	Administrators' Low ERV
Assets				
Cash and Cash Equivalents	1	279,616	24,865	24,865
Trade Debtors	2	2,580	Unknown	129,814
Plant & Equipment	3	800,416	Unknown	1,314,850
Motor Vehicles	4	1,100,665	Unknown	1,174,000
Real Property	5	-	-	-
Inventory	6	-	-	-
Other Assets	7	36,972,597	Unknown	-
Total Assets		39,155,874	Unknown	2,643,528
Liabilities				
Secured Creditors	8	-	23,040,000	23,040,000
Employee Entitlements	9	-	-	-
Trade Creditors	10	-	-	-
Lease liabilities	11	740,465	452,999	Unknown
Statutory Liabilities	12	77,791	77,791	77,791
Other liabilities	13	47,001,823	46,924,398	46,924,398
Total Liabilities		47,820,079	70,495,188	70,042,189
Net Assets		(8,664,205)	Unknown	(67,174,873)

Note 1 – Cash and Cash Equivalents

The Director's ROCAP disclosed cash at bank of c.\$280k.

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

A bank account with Westpac Banking Corporation was identified with a balance of \$248,653 as at the date of appointment. During our appointment Westpac exercised its right of set-off of accounts on 25 November 2021 and applied the credit amount of the account as at close of business on 17 November 2021, being \$333,652.57, against the outstanding amount owed under the facility provided to the Company.

Note 2 – Trade debtors

The Director disclosed trade debtors in his ROCAP of \$2,580. The Administrators have requested further information from Privium's finance team regarding the debtor to determine if the funds can be recovered for the benefit of creditors.

Upon our appointment, the Administrators became aware of funds totally c.\$21,000 incorrectly paid to W2G Assets Pty Ltd relating to the sale of one of the Company's motor vehicles to Torsion Pty Ltd. The Administrators have since organised for the transfer of these funds to the Administration bank account.

In addition, we have also received funds into our pre-appointment account, from QBE for an insurance claim and AFG Corp Investment Pty Ltd for the sale of three motor vehicles to Wearing Earthworks in the amount of \$85k and c.\$24k respectively. Westpac is currently facilitating the transfer of these funds.

Note 3 and 4 – Plant & Equipment and motor vehicles

The Director's ROCAP stated there was plant and equipment worth c.\$800k and motor vehicles worth c.\$1.1m.

Upon appointment, the Administrators immediately undertook motor vehicle searches and wrote to secured parties on the PPSR.

In addition, the Administrators have engaged with Lloyds Asset and Valuation Services ("Lloyds") to assist in locating and recovering the assets, undertake valuations of the plant and equipment owed by Privium Assets Pty Ltd and to prepare a sale campaign.

At this stage, the Administrators are yet to be provided with a final valuation as Lloyd's continue to locate/recover assets across Queensland, Victoria and New South Wales. As such, the total estimated high value has been presented as unknown in the table.

Notwithstanding the above, Lloyds have provided us with an interim valuation report to include assets collected to date, which is detailed in Table 58 below. Lloyds's estimate the high and low values of the currently identifiable assets to be between c.\$1.3m to c.\$1.9m and c.\$1.2m to c.\$1.5m for plant and equipment and motor vehicles respectively, before any realisation costs and specific finance liabilities.

Table 58: Plant and Equipment / Motor Vehicles

Description	Fair Market Value	Forced Liquidation Value
IT & Office Equipment	215,540	84,850
Plant and Equipment	1,699,107	1,230,000
Motor Vehicles	1,473,400	1,174,000
Total	3,388,047	2,488,850

Westpac holds first ranking security over a number of the motor vehicles, and any recoveries in respect of such motor vehicles must be paid in priority to satisfy its security.

Note 5 – Real Property

The Director did not disclose any real property in his ROCAP.

Upon appointment, the Administrators completed property searches on Privium Assets Pty Ltd and we confirm there is no real property owned by the Company.

Note 6 – Inventory

The Director did not disclose any inventory in his ROCAP.

Note 7 – Other Assets

The Director disclosed other assets totalling c \$37m in the ROCAP. A summary of the other assets are as follows:

Prepayments

The Director disclosed prepayments in the amount of c.\$173k for a three-year subscription to A2K Technologies for software / technology solutions. The prepayment included in the ROCAP is for amortisation purposes only. Consequently, the prepayment is not refundable so there will be no recovery from this source for the benefit of creditors.

Goodwill

There was goodwill of c.\$20k in the ROCAP, and as the Company is in Administration, there should be no value prescribed to this item.

Borrowing Expenses

The Director's ROCAP detailed borrowing expenses asset of c.\$4.3k. Our investigations into the asset revealed it appears to relate to a motor vehicle and we note all known motor vehicles owned the Company will be address by Lloyd's final valuation.

Loans: Related Party

The Director's ROCAP disclosed related party loans owing to the company in the amount of approximately \$37m. The following table provides a breakdown of loans provided to related parties:

Table 59: Loans to Related Parties

Description	Director's ROCAP ERV	Administrators' Comments
Privium Pty Ltd	7,348,975	This company is under Administration. Any return from this source, which is unlikely, is subject to the outcome of the Administration.
Impact Admin Services Trust	2,764,552	The Administrators are currently investigating the recoverability of this loan account.
Privium Civil Pty Ltd	1,923,037	This company is under Administration. Any return from this source, which is unlikely, is subject to the outcome of the Administration.
Impact Land Pty Ltd	848	This company is under Administration. Any return from this source, which is unlikely, is subject to the outcome of the Administration.
PROchip	37,739	The Administrators are currently investigating the recoverability of this loan account.
Landscaping Impact	99,651	The Administrators are currently investigating the recoverability of this loan account.
Privium Developments Pty Ltd	19,589,352	This company is under Administration. Any return from this source, which is unlikely, is subject to the outcome of the Administration.
Impact Specs Pty Ltd	884,630	This company is under Administration. Any return from this source, which is unlikely, is subject to the outcome of the Administration.
Director Loans – Property Alternative Group	482,495	The Administrators are currently investigating the recoverability of this loan account.
Privium Group Pty Ltd	3,643,989	This company is under Administration. Any return from this source, which is unlikely, is subject to the outcome of the Administration.
Total	36,775,267	

For further information regarding related party transactions, please refer to Section 5.2 of this Report

Note 8 – Secured Creditors

Upon appointment, the Administrators conducted a search on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR Security Interest can be found in **Appendix 2**.

As previously discussed, BNY Mellon has a cross-collateral security across seven entities subject to our appointment for the financial bonds. We have received a Proof of Debt from BNY Mellon in the amount of c.\$23m for the bonds.

As advised in Note 3 and 4, Westpac Banking Corporation holds an ALLPAAP security interest over the Company. At this stage, the Administrators are of the view its security will be paid out through the sale of the motor vehicles, however, we note should there be any shortfall on any of the vehicles it may have the ability to claim for the shortfall as an ALLPAAP holder. For the purpose of the Administrators' ERV, we have included Westpac's debt in the lease liability line item.

Note 9 – Employee Entitlements

Privium Assets Pty Ltd did not employ staff and any services provided to the Company were contracted through Joii Limited.

Note 10 – Trade Creditors

The Administrators' have not received any proof of debts from trade creditors in the Administration.

Note 11 – Lease Liabilities

The Director's ROCAP disclosed lease liabilities of \$740,465 for motor vehicles (\$572k) and office equipment (\$168k).

As previously discussed, upon our appointment the Administrators wrote to all parties on the PPSR. A summary of the lease liabilities based on responses to date are in the table below. As referred to in Note 1, Westpac exercised its right of set-off of accounts and applied a set-off of \$333,652.57 against the previous outstanding amount of \$722,457.45.

Table 60: Lease Liabilities

Financier	Description	Amount owing (\$)
Macquarie Leasing	Financing for 1 motor vehicle.	12,778
Australia and New Zealand Banking Group Limited	Financing for 2 motor vehicles.	51,416
National Australia Bank Limited	Financing for 4 motor vehicles	Unknown
Westpac Banking Corporation	Financing for 21 motor vehicles/mobile P&E and 2 Other goods	388,805
Total		452,999

Note 12 – Statutory Liabilities

The Director's ROCAP has indicated there is c.\$78k owing to the Australia Taxation Office ("ATO") for goods and services tax. A proof of debt is yet to be submitted by the ATO.

Note 13 – Other Liabilities

The Director's ROCAP identified other liabilities totalling c.\$47m. A summary of the other liabilities owed by Privium Assets Pty Ltd are discussed below.

Loans: Related Party

Privium Assets Pty Ltd loaned monies from related parties in the amount of c.\$47m to fund operations.

Table 61: Loans from Related Parties

Description	Director's ROCAP ERV	Administrators' Comments
Impact Land Pty Ltd	69,684	The company is under Administration and will be classified as an unsecured creditor in this Administration.
Privium Investments Pty Ltd	40,172,068	The company is under Administration and has submitted a proof of debt to claim in the Administration as an unsecured creditor in this Administration.
Impact Integra	804,327	The company will be classified as an unsecured creditor in this Administration.
Privium Townhouses Pty Ltd	5,657,886	The company will be classified as an unsecured creditor in this Administration.
Privium Pty Ltd	114,818	The company is under Administration and will be classified as an unsecured creditor in this Administration.
Impact RES	105,615	The company will be classified as an unsecured creditor in this Administration.
Total	46,924,398	

For further information regarding related party transactions, please refer to Section 5.2 of this Report

Deferred Tax

The Director's ROCAP detailed a deferred tax liability of c.\$77k. Given the deferred tax liability represents an accounting entry which indicates the timing differences between taxable and accounting income, there will be no realisation from this source.

Privium Civil Pty Ltd

The table below provides a summary of the Director's ROCAP Part A for Privium Civil Pty Ltd and the Administrators' ERVs.

Table 62: Director's ROCAP Privium Civil Pty Ltd

	Note	Director's ROCAP ERV	Administrators' High ERV	Administrators' Low ERV
Assets				
Cash and Cash Equivalents	1	597	100,567	100,567
Trade Debtors	2	-	-	-
Plant & Equipment	3	52,713	-	-
Motor Vehicles	4	-	-	-
Real Property	5	-	-	-
Inventory	6	-	-	-
Other Assets	7	1,902,953	Unknown	-
Total Assets		1,956,263	Unknown	100,567
Liabilities				
Secured Creditors	8	-	23,040,000	23,040,000
Employee Entitlements	9	-	-	-
Trade Creditors	10	436,404	395,851	436,404
Statutory Liabilities	11	(11,177)	Unknown	-
Other Liabilities	12	1,978,018	1,978,018	1,978,018
Total Liabilities		2,403,245	25,413,869	25,454,422
Net Assets		(446,982)	Unknown	(25,353,855)

Note 1 – Cash and Cash Equivalents

The Director's ROCAP disclosed a balance of \$597 held in cash and cash equivalents.

Upon our appointment, correspondence was issued to all major banking institutions and Bartercard, notifying them of our appointment and to confirm all bank accounts held by Privium Civil Pty Ltd.

A bank account with Westpac Banking Corporation was identified with a balance of \$587. These funds have been transferred to the Administration bank account and net of bank fees, we have recovered a sum of \$567 from the bank account of Privium Civil Pty Ltd.

In addition to the above, the Administrators were made aware of funds in the amount of \$100,000 which were being held on trust by the Company's lawyer, Mills Oakley. Mills Oakley have transferred these funds into our Administration bank account.

Note 2 – Trade Debtors

The Director did not disclose any trade debtors in his ROCAP. After further review of the financials and discussions with Privium's finance team, it does not appear any trade debtors exist in this entity.

Note 3 and 4 – Plant & Equipment and Motor Vehicles

The Director's ROCAP stated there was fixture and fitting leased assets worth c.\$53K and no motor vehicles.

Upon appointment, the Administrators immediately undertook motor vehicle searches and wrote to secured parties registered on the PPSR. Despite numerous attempts to contact the parties who have registered their security over "goods / motor vehicles", we are yet to receive a response. Notwithstanding, the Administrators are not aware of any plant and equipment owned by Privium Civil Pty Ltd.

Upon further discussions with Management and investigations into the realisation value of the fixtures detailed in the Company's books and records, it appears the fixtures and fittings are owned by Privium Assets Pty Ltd.

We have received confirmation no motor vehicles are registered by the Company in Queensland and are awaiting confirmation from the New South Wales and Victorian regulatory bodies.

Note 5 – Real Property

The Director did not disclose any real property in his ROCAP.

Upon appointment, the Administrators completed property searches on Privium Civil Pty Ltd and we confirm there is no real property owned by the Company.

Note 6 – Inventory

The Director did not disclose any inventory in his ROCAP.

Note 7 – Other Assets

The Director disclosed other assets totalling c.\$1.9m in the ROCAP. A summary of the other assets are as follows:

Work in Progress:

The Director disclosed c.\$95K in work in progress for works performed but not invoiced yet for progress claims. Our high-level investigations into the matter have revealed there is unlikely to be any recoveries from work in progress given the offsetting claims by customers for extra costs incurred from the disruption of their builds.

Contract Assets:

The Director advised in the ROCAP contract assets totalling c.\$1.5m for revenue contingent on works yet to be carried out. Given the Company is unable to complete the builds as it is in Administration, we do not anticipate any recovery from this source for the benefit of creditors.

Loans: Related Parties:

The Director's ROCAP disclosed a related party loans owing to the Company in the amount \$353k from Privium Group Pty Ltd. Given Privium Group Pty Ltd is in Administration, any recovery from this loan, which is unlikely, is subject to the outcome of the Administration.

Deferred Tax Asset:

The Director disclosed a c \$1.5k deferred tax asset in the ROCAP. We note a deferred tax asset represents an accounting entry which indicates the timing differences between taxable and accounting income. Given that, there will be no recovery from this source.

Note 8 – Secured Creditors

As previously discussed, the Administrators conducted a search on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR Security Interest can be found in **Appendix 2**.

As creditors are aware, BNY Mellon has a cross-collateral security across seven entities subject to our appointment for the financial bonds. We have received a Proof of Debt from BNY Mellon in the amount of c.\$23m in respect of the bonds.

Note 9 – Employee Entitlements

Privium Civil Pty Ltd did not employ staff and any services provided to the Company were contracted through Joti Limited.

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 these amounts have not been adjudicated and are subject to change.

Note 11 – Statutory Liabilities

The Director's ROCAP has indicated there is a negative liability (i.e. an asset) of -\$11,177 owed by the Australia Taxation Office ("ATO") for goods and services tax should the Company complete its Business Activity Statement ("BAS"). The Administrators' are currently investigating the Company's account with the ATO to determine if it is commercial to complete the pre-appointment BAS.

Note 12 – Other Liabilities

The Director's ROCAP identified other liabilities totalling c.\$2m. A summary of the other liabilities owed by Privium Civil Pty Ltd are discussed below.

Lease Liabilities:

The Director disclosed lease liabilities of c.\$55k in the ROCAP. As previously discussed, despite numerous requests, we are yet to receive a response from the parties listed on the PPSR so we have not been able to verify this amount.

Loans from Related Party:

The Director disclosed the Company loaned funds from Privium Assets Pty Ltd in the amount of c.\$1.9m. We note, Privium Assets Pty Ltd is in Administration and has submitted a proof of debt for this amount to claim as an unsecured creditor in this Administration.

Impact Specs Pty Ltd

The table below provides a summary of the Director's ROCAP Part A for Impact Specs Pty Ltd and the Administrators' ERVs.

Table 63: Director's ROCAP Impact Specs Pty Ltd

	Note	Director's ROCAP ERV	Administrators' High ERV	Administrators' Low ERV
Assets				
Cash and Cash Equivalents	1	1,268	1,238	1,238
Trade Debtors	2	-	-	-
Work in Progress	3	564,590	Unknown	-
Plant & Equipment	4	-	-	-
Motor Vehicles	5	-	-	-
Real Property	6	-	Commercially sensitive	Commercially sensitive
Inventory	7	-	-	-
Other Assets	8	87,843	Unknown	-
Total Assets		653,701	Unknown	1,238
Liabilities				
Secured Creditors	9	-	-	-
Employee Entitlements	10	-	-	-
Trade Creditors	11	847	847	847
Statutory Liabilities	12	(8,693)	(8,693)	-
Other Liabilities	13	884,630	884,630	884,630
Total Liabilities		876,784	23,916,784	23,925,477
Net Assets		(223,083)	Unknown	(23,924,239)

Note 1 – Cash and Cash Equivalents

The Director's ROCAP disclosed a balance of \$1,258 held in cash and cash equivalents.

Upon our appointment, correspondence was issued to all major banking institutions, as well as Bartercard, notifying them of our appointment and to confirm all bank accounts held by Impact Specs Pty Ltd.

A bank account with Westpac Banking Corporation was identified with a total balance of \$1,238. These funds have been transferred to the Administration bank account and net of bank fees, we have recovered a sum of \$1,238 from the bank account of Impact Specs Pty Ltd.

Note 2 – Trade Debtors

The Director did not disclose any trade debtors in his ROCAP. After further review of the financials and discussions with Privium's finance team, it does not appear any trade debtors exist in this entity.

Note 3 – Work in Progress

The Director's ROCAP disclosed the Company had work in progress totalling c.\$565k as at the date of our appointment.

After further review of the financials, discussions with Privium's finance team and completion of real property searches, we confirm the summary of the Work in Progress is as follows:

Table 64: Work in Progress Summary

Description	Administrators' Comments
2 Graham Court, Caboolture QLD 4510	On 6 December 2019, the Company purchased the land for \$215,000. A site inspection revealed a cement slab has been constructed upon it. This land is unencumbered.
43 Tempo Drive, Ripley QLD 4306	On 16 July 2021, the Company purchased land for \$139,900. This land is unencumbered.
14 Narran Street, Jimboomba QLD 4280	On 10 June 2021, the Company purchased land for \$191,100. This land is unencumbered.

To realise the land holdings, the Administrators will shortly undertake the following actions before going to the open market to sell:

1. Organise independent valuations; and
2. Obtain marketing proposals from real estate agents.

At this stage, the estimated realisable value is unknown.

Note 4 and 5 – Plant & Equipment and Motor Vehicles

The Director's ROCAP stated there was no plant and equipment and no motor vehicles.

Upon appointment, the Administrators immediately undertook motor vehicle searches and wrote to secured parties registered on the PPSR. Despite numerous attempts to contact SPA Investments Pty Ltd for details regarding its security, we are yet to receive a response. Notwithstanding, the Administrators are not aware of any plant and equipment owned by Impact Specs Pty Ltd.

We have received confirmation no motor vehicles are registered by the Company in Queensland and are awaiting confirmation from the New South Wales and Victorian regulatory bodies.

Note 6 – Real Property

The Director did not disclose any real property in his ROCAP.

Upon appointment, the Administrators completed property searches on Impact Specs Pty Ltd and we confirm no real property was identified other than the three blocks of land disclosed in Note 3.

Note 7 – Inventory

The Director did not disclose any inventory in his ROCAP.

Note 8 – Other Assets

The Director disclosed other assets in the ROCAP for a loan Impact Specs Pty Ltd loaned to Privium Group Pty Ltd in the amount of c.\$88k. Given Privium Group Pty Ltd is in Administration, any recovery is unlikely and will be subject to the outcome of the Administration.

For further information regarding related party loans please refer to **Section 5.2**.

Note 9 – Secured Creditors

As previously discussed, the Administrators conducted a search on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR Security Interest can be found in **Appendix 2**.

Whilst the PPSR search revealed two ALLPAAP registrations to The Trust Company (Australia) Limited and Spa Investments Pty Ltd, The Trust Company (Australia) Limited discharged its security interest on 26 November 2021 and Spa Investments Pty Ltd has not provided evidence of a debt nor whether its security is valid. It is our view the registration of Spa Investments Pty Ltd is not currently valid and the party has been requested to remove the registration.

Note 10 – Employee Entitlements

Impact Specs Pty Ltd did not employ staff and any services provided to the Company were contracted through Joii Limited.

Note 11 – Trade Creditors

The Administrators' ERVs have been taken from creditors outstanding at the date of appointment as no proof of debts have been received to date in the administration.

Note 12 – Statutory Liabilities

The Director's ROCAP has indicated there is a negative liability (i.e. an asset) of -\$8,693 owed by the ATO for goods and services tax withheld from a property settlement. The Administrators are currently investigating the Company's account with the ATO to determine if it is commercial to complete the pre-appointment BAS.

Note 13 – Other Liabilities

The Director's ROCAP identified other liabilities totalling c.\$885k for funds loaned to the Company from Privium Assets Pty Ltd. We note, Privium Assets Pty Ltd is in Administration and has submitted a proof of debt for this amount to claim as an unsecured creditor in this Administration.

Residences on Bass Pty Ltd

The table below provides a summary of the Director's ROCAP Part A for Residences on Bass Pty Ltd and the Administrators' ERVs.

Table 65: Director's ROCAP Residences on Bass Pty Ltd

	Note	Director's ROCAP ERV	Administrators' High ERV	Administrators' Low ERV
Assets				
Cash and Cash Equivalents	1	2,201	-	-
Trade Debtors	2	-	-	-
Work in Progress	3	1,857,746	Unknown	-
Plant & Equipment	4	-	-	-
Motor Vehicles	5	-	-	-
Real Property	6	-	Commercially Sensitive	Commercially Sensitive
Inventory	7	-	-	-
Other Assets	8	57,541	Unknown	-
Total Assets		1,917,488	Unknown	-
Liabilities				
Secured Creditors	9	-	406,103	406,103
Employee Entitlements	10	-	-	-
Trade Creditors	11	3,135	1,649	1,649
Statutory Liabilities	12	0	2,045	2,045
Other Liabilities	13	1,914,253	1,506,753	1,506,753
Total Liabilities		1,917,388	1,916,550	1,916,550
Net Assets		100	Unknown	(1,916,550)

Note 1 – Cash and Cash Equivalents

The Director's ROCAP disclosed a balance of \$2,201 held in cash and cash equivalents.

Upon the appointment of the Administrators, correspondence was issued to all major banking institutions and Bartercard, notifying them of our appointment and to confirm all bank accounts held by Residences on Bass Pty Ltd.

Three accounts with Westpac Banking Corporation were identified, with two being loan accounts detailed further below in Note 9. The credit account totalled \$8,025 06, however during our appointment Westpac exercised its right of set-off of accounts and on 25 November 2021 applied the credit amount of the account

as at close of business on 17 November 2021, being \$8,025.06, against the outstanding amount owed under the facility provided to the Company. This leaves no remaining value to recover.

Note 2 – Trade debtors

The Director did not disclose any trade debtors in his ROCAP. After further review of the financials and discussions with Privium's finance team, it does not appear any trade debtors exist in this entity.

Note 3 – Work in Progress

The Director's ROCAP disclosed work in progress of c.\$1.86m whereby work in progress is defined as works completed but not yet invoiced for the townhouse development. We have engaged GRC Quantity Surveyors to assist with assessing the potential value of the partially completed construction works. We have received a number of unsolicited expressions of interest to acquire the real property together with the partially completed construction works.

Note 4 and 5 – Plant & Equipment and motor vehicles

The Director did not disclose any plant and equipment or motor vehicles in his ROCAP.

Upon appointment, the Administrators immediately undertook motor vehicle searches, wrote to secured parties registered on the PPSR and reviewed the financials to determine asset ownership.

No further assets were identified, and it is unlikely there are any assets or recoveries available in relation to this category.

Note 6 – Real Property

The Director did not disclose any real property in his ROCAP.

Upon appointment, the Administrators completed property searches on Residences on Bass Pty Ltd and have identified real property at 13 Bass Court, Loganholme QLD. The value of this asset is commercially sensitive, however is expected to be realised.

Note 7 – Inventory

The Director did not disclose any inventory in his ROCAP, and we are not aware of any inventory for this entity.

Note 8 – Other Assets

The Director disclosed other assets totalling \$57,541 in the ROCAP. A summary of the other assets are as follows:

Security Deposit

The Director's ROCAP stated there was a Security Deposit in the amount of \$35,153. The Administrators are currently investigating the security deposit and its recoverability, however it is unlikely there will be any realisation from this source as works likely related to the deposit are unable to be completed.

Capitalised Expenses

The Director disclosed capitalised expenses in the amount of \$22,079. A summary of these accounts are as follows:

Table 66: Capitalised Expenses

Account	Director's ROCAP ERV	Administrators' Comments
Borrowing Expenses (less accumulated amortisation)	21,675	This is an accounting entry capitalising expenses and is not a realisable asset of the Company
Formation Expenses (less accumulated amortisation)	405	This is an accounting entry capitalising expenses and is not a realisable asset of the Company
Total	22,079	

GST Refund

The Director's ROCAP stated there were negative liabilities for GST Paid and BAS report due, totalling \$309. Given the value is immaterial, it is not commercial to pursue a recovery from this source.

Note 9 – Secured Creditors

As previously discussed, the Administrators conducted a search on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR Security Interest can be found in **Appendix 2**.

The Director did not disclose any secured creditors in his ROCAP, however as referenced in Note 1, the Company held two loan accounts with Westpac, being secured Business Finance Agreements. The balance of these accounts as at our appointment are detailed in the table below. However, as referred to in Note 1, Westpac exercised its right of set-off of accounts and applied a set-off of \$8,025.06 against the total outstanding amount.

Table 67: Loan Accounts

Account Name	Banking Institution	DR Balance (\$)
Residences on Bass Pty Ltd	Westpac Banking Corporation	5,836.14
Residences on Bass Pty Ltd	Westpac Banking Corporation	408,291.60

Westpac also holds a registered ALLPAAP over the Company as well as a registered mortgage over the real property.

Note 10 – Employee Entitlements

Residences on Bass Pty Ltd did not employ staff and any services provided to the Company were contracted through Joii Limited.

Note 11 – Trade Creditors

The Director disclosed trade creditors totalling \$3,135 in the ROCAP.

The Administrators' ERVs have been taken from the proof of debts received in the Administration and well as unpaid invoices where creditors are yet to submit a claim. We note these amounts have not been adjudicated and are subject to change.

Note 12 – Statutory Creditors

The Director did not disclose any statutory creditors in their ROCAP.

The Administrators have received an assessment from the Office of State Revenue in Queensland totalling \$2,045 for land tax. We note the amount has not been formally claimed or adjudicated and is subject to change.

Note 13 – Other Liabilities

The Director's ROCAP disclosed a related party loan where Residences on Bass Pty Ltd borrowed c.\$1.51m from a related party, Privium Developments Pty Ltd. The Company is under Administration and will be classified as an unsecured creditor in this Administration unless evidence of security is located.

Impact Land Pty Ltd

The table below provides a summary of the Director's ROCAP Part A for Impact Land Pty Ltd and the Administrator's ERV.

Table 68: Director's ROCAP Impact Land Pty Ltd

	Note	Director's ROCAP ERV	Administrators' High ERV	Administrators' Low ERV
Assets				
Cash and Cash Equivalents	1	669	659	659
Trade Debtors	2	-	-	-
Plant & Equipment	3	-	-	-
Motor Vehicles	4	-	-	-
Real Property	5	-	Commercially Sensitive	Commercially Sensitive
Inventory	6	-	-	-
Other Assets	7	70,139	-	-
Total Assets		70,808	Unknown	659
Liabilities				
Secured Creditors	8	-	23,040,000	23,040,000
Employee Entitlements	9	-	-	-
Trade Creditors	10	-	-	-
Statutory Liabilities	11	-	-	-
Other Liabilities	12	70,256	70,256	70,256
Total Liabilities		70,256	23,110,256	23,110,256
Net Assets		551	Unknown	(23,109,597)

Note 1 – Cash and Cash Equivalents

The Director's ROCAP disclosed a balance of \$669 held in cash and cash equivalents.

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

A bank account with Westpac Banking Corporation was identified with a balance of \$659, with the difference to the ROCAP identified as a monthly bank account fee for November 2021. These funds have been requested from Westpac to transfer into the Administration bank account however are yet to be received.

Note 2 – Trade debtors

The Director did not disclose any trade debtors in his ROCAP. After further review of the financials and discussions with Privium's finance team, it does not appear any trade debtors exist in this entity.

Note 3 and 4 – Plant & Equipment and motor vehicles

The Director did not disclose any plant and equipment or motor vehicles in his ROCAP.

Upon appointment, the Administrators immediately undertook motor vehicle searches, wrote to secured parties registered on the PPSR and reviewed the financials to determine asset ownership.

No further assets were identified, and it is unlikely there are any assets or recoveries available in relation to this category.

Note 5 – Real Property

The Director did not disclose any real property in his ROCAP.

Upon appointment, the Administrators completed property searches on Impact Land Pty Ltd and we confirm there is no real property owned by the Company. The Company had entered into several Put and Call option agreements with a range of land / estate developers where it was common for deposits to be paid (per lot) to the land seller as security. To date the Administrators have secured the release of \$85,000 worth of deposits with the remaining estimated realisable value for the deposits being unknown. This is discussed in more detail in **Section 6.2.1** of this report.

Note 6 – Inventory

The Director did not disclose any inventory in his ROCAP, and we are not aware of any inventory for this entity.

Note 7 – Other Assets

The Director disclosed other assets totalling \$70,139 in the ROCAP. A summary of the other assets are as follows:

Loans: Related Parties

The Director disclosed in the ROCAP that Impact Land Pty Ltd loaned funds in the amount of \$69,684 to Privium Assets Pty Ltd. This company is under Administration and any return from this source, which is unlikely, is subject to the outcome of the Administration.

BAS Report Refund

The Director's ROCAP stated there was a negative liability for BAS report due in the amount of \$455. Given the value is immaterial, it is not commercial to pursue a recovery from this source.

Note 8 – Secured Creditors

As previously advised, the Administrators conducted a search on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR Security Interest can be found in **Appendix 2**.

The Director did not disclose any secured creditors in his ROCAP, however as previously discussed, BNY Mellon has a cross-collateral security across seven entities subject to our appointment for the financial bonds. We have received a Proof of Debt from BNY Mellon in the amount of c.\$23m.

Note 9 – Employee Entitlements

Impact Land Pty Ltd did not employ staff and any services provided to the Company were contracted through Joii Limited.

Note 10 – Trade Creditors

The Director did not disclose any trade creditors in his ROCAP, and the Administrators are not aware of any trade creditors. No proofs of debt from trade creditors were received in the Administration.

Note 11 – Statutory Creditors

The Director did not disclose any statutory creditors in his ROCAP, and the Administrators are not aware of any statutory creditors. No proofs of debt from statutory creditors were received in the Administration.

Note 12 – Other Liabilities

The Director's ROCAP disclosed a related party loan where Impact Land Pty Ltd borrowed \$70,256 from a related party, Privium Group Pty Ltd. The Company is under Administration and will be classified as an unsecured creditor in this Administration.

Privium Developments Pty Ltd

The table below provides a summary of the Director's ROCAP Part A for Privium Developments Pty Ltd and Administrators' ERV.

Table 69: Director's ROCAP Privium Developments Pty Ltd

	Note	Director's ROCAP ERV	Administrators' High ERV	Administrators' Low ERV
Assets				
Cash and Cash Equivalents	1	5,037	5,007	5,007
Trade Debtors	2	4,073	-	-
Plant & Equipment	3	-	-	-
Motor Vehicles	4	-	-	-
Real Property	5	-	-	-
Other Assets	6	10,231,066	Unknown	Unknown
Total Assets		10,240,176	Unknown	Unknown
Liabilities				
Secured Creditors	7	-	23,040,000	23,040,000
Employee Entitlements	8	-	-	-
Trade Creditors	9	-	-	-
Statutory Creditors	10	-	-	-
Other Liabilities	11	20,018,002	19,589,452	19,589,452
Total Liabilities		20,018,002	42,629,452	42,629,452
Net Assets		(9,777,826)	Unknown	Unknown

Note 1 – Cash and Cash Equivalents

The Director's ROCAP disclosed a balance of \$5,037 held in cash and cash equivalents.

Upon our appointment, correspondence was issued to all major banking institutions and Bartercard, notifying them of our appointment and to confirm all bank accounts held by Privium Developments Pty Ltd.

A bank account with Westpac was identified with a total balance of \$5,027. These funds have been transferred to the Administration bank account and net of bank fees, we have recovered a sum of \$5,007 from the bank account of Privium Developments Pty Ltd.

Note 2 – Trade Debtors

The Director disclosed trade debtors in their ROCAP of \$4,073. The Administrators have requested further information from Privium's finance team regarding the debtor amount to determine if the funds can be recovered for the benefit of creditors.

Note 3 and 4 – Plant & Equipment, Motor Vehicles

The Director did not disclose any Plant & Equipment or Motor Vehicles in his ROCAP.

Upon appointment, the Administrators immediately undertook motor vehicle searches and wrote to secured parties on the PPSR. After further review of the financials, the Administrators are not aware of any plant and equipment owned by this entity.

We have received confirmation no motor vehicles are registered by the Company in Queensland and are awaiting confirmation from the New South Wales and Victorian regulatory bodies.

Note 5 – Real Property

The Director did not disclose any real property in his ROCAP.

Upon appointment, the Administrators completed property searches on Privium Developments Pty Ltd and we confirm there is no real property owned by the Company.

Note 6 – Other Assets

The Director disclosed other assets totalling c.\$10.2m in the ROCAP. A summary of the other assets are as follows:

Shares in Private Company

The Director disclosed Shares in Private Company's in the amount of \$6. A summary of the shares held is as follows:

Table 70: Shares in Private Companies

Company	Director's ROCAP ERV	Administrators' Comments
Chelmsford Terraces	\$1	Investigations are currently underway to determine whether any of these entities have any value to creditors. If the shares do have a value, we need to consider whether it is commercial to realise the shares, noting the value may be minimal.
Narangba Views	\$1	
Wynbrook Villas	\$1	
Views on Holmview	\$1	
Oxley Land	\$1	
PA Developments	\$1	
Total	\$6	

Loans: Related Parties

The Director's ROCAP disclosed related party loans owing to the Company in the amount of c.\$10.1million. The following table provides a breakdown of loans provided to related parties:

Table 71: Related Party Loans		
Company	Director's ROCAP ERV	Administrators' Comments
The Views on Holmview	\$472,000	This company is part of the PAG. The Administrators are currently investigating the recoverability of this loan for the benefit of creditors.
Villas on Mumford	\$432,918	This company is part of the PAG. The Administrators are currently investigating the recoverability of this loan for the benefit of creditors.
Narangba View	\$70,796	This company is part of the PAG. The Administrators are currently investigating the recoverability of this loan for the benefit of creditors.
Nelson Street Land	\$2,500,000	This company is part of the PAG. The Administrators are currently investigating the recoverability of this loan for the benefit of creditors. Settlement of 3 Nelson Street, Cranbourne East Vic is currently scheduled for 20 December 2021.
Sanctuary Grove	\$1,750,087	This company is part of the PAG. The Administrators are currently investigating the recoverability of this loan for the benefit of creditors.
East Valley Residences	\$6,176	This company is part of the PAG. The Administrators are currently investigating the recoverability of this loan for the benefit of creditors.
Residences on Bass Pty Ltd	\$1,506,753	This company is under Administration. Any return from this source, which is unlikely, is subject to the outcome of the Administration.
Privium Group Pty Ltd	\$3,362,717	This company is under Administration. Any return from this source, which is unlikely, is subject to the outcome of the Administration.
Total	\$10,101,448	

For further information regarding the PAG, please refer to Section 6.2.3 of this report.

Deferred Tax Assets and Statutory Liabilities (Assets)

The Director's ROCAP stated Deferred Tax Assets in the amount of c.\$129k. Given deferred tax assets are accounting entries only, there will be no realisation.

In addition, the Director's ROCAP stated there were negative liabilities for GST Paid and BAS report due, totalling \$1,047. Given the value is immaterial, it is not commercial to pursue a recovery from this source.

Note 7 – Secured Creditors

The Administrators conducted a search on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR Security Interests can be found in **Appendix 2**.

Whilst the PPSR search revealed two ALLPAAP registrations to VBD Investments Pty Ltd and Permanent Custodians Limited, VBD Investments Pty Ltd discharged its security interest on 19 November 2021.

As creditors are aware, BNY Mellon has a cross-collateral security across all seven entities subject to our appointment for the financial bonds, via Permanent Custodians secured loans. We have received a Proof of Debt from BNY Mellon in the amount of c.\$23m in respect of the bonds.

Note 8 – Employee Entitlements

Privium Developments Pty Ltd did not employ staff and any services provided to the Company were contracted through Joii Limited.

Note 9 – Trade Creditors

The Director did not disclose any trade creditors in his ROCAP, and the Administrators are not aware of any trade creditors. No proofs of debt from trade creditors were received in the Administration.

Note 10 – Statutory Creditors

The Director did not disclose any statutory creditors in his ROCAP, and the Administrators are not aware of any statutory creditors. No proofs of debt from statutory creditors were received in the Administration.

Note 11 – Other Liabilities

The Director disclosed other liabilities totalling c.\$20.0million in the ROCAP. A summary of the other liabilities are as follows:

Loans: Related Parties

The Director's ROCAP disclosed related party loans owing by the Company in the amount of c.\$19.6million. The following table provides a breakdown of loans provided to related parties:

Table 72: Related Party Loans

Company	Director's ROCAP ERV	Administrators' Comments
Privium Assets Pty Ltd	19,589,352	The company is under Administration and will be classified as an unsecured creditor in this Administration.
JV Bucket	100	This loan is likely related to the PAG.
Total	19,589,452	

For further information on the related party transactions please refer to **Section 5.2**

Provision for onerous contracts

The Director's ROCAP stated c.\$429k in provisions for onerous contracts. Given this provision is an accounting entry for onerous contracts, there will be no claim from this source in the Administration.

18. Appendix 8 – Investigations – analysis and information

18.1. General information and considerations

18.1.1. Date of insolvency

In order 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 on which, a company became insolvent is an essential element of recovery actions with respect to unfair preferences, uncommercial transactions and insolvent trading.

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

18.1.2. What is insolvency?

Solvency is defined in s 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 essentially a “cash flow” test rather than a “balance sheet” test (although the company’s balance sheet position is still relevant).

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 these assets and liabilities. Also, the extent to which cash is expected to be generated from future trading activities, or available from alternative sources is relevant to considering a company’s solvency position.

18.1.3. General and commercial considerations

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

Typically, insolvent trading claims are defended, and directors 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 claims. 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 or not 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 small 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 and high prospect of success.

18.2. Indicators of potential insolvency

18.2.1. Factors to take into account

- 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) is payable, 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

ASIC's view is these are some of the factors a reasonable person would take into account when determining whether a company is insolvent. The list of factors is not intended to be exhaustive. There may be other factors which would indicate to a reasonable person a company may be insolvent.

SUPREME COURT OF QUEENSLAND

REGISTRY: BRISBANE

NUMBER: 1146/22

IN THE MATTER OF PRIVIUM PTY LTD (IN LIQUIDATION) ACN 085 773 931

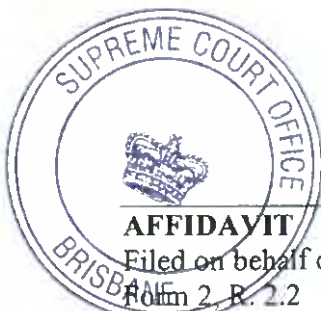
**FIRST APPLICANTS: JOHN RICHARD PARK, JOANNE EMILY DUNN
AND KELLY-ANNE LAVINA TRENFIELD IN
THEIR CAPACITY AS JOINT AND SEVERAL
LIQUIDATORS OF PRIVIUM PTY LTD (IN
LIQUIDATION) ACN 085 773 931**

AND

**SECOND APPLICANT: PRIVIUM PTY LTD (IN LIQUIDATION) ACN 085
773 931**

AFFIDAVIT OF JOANNE EMILY DUNN SWORN 28 JANUARY 2022

PART 3 OF 3



AFFIDAVIT

Filed on behalf of the Applicants

Form 2, R. 2.2

Corporations Proceedings Rules

MILLS OAKLEY

Level 23, 66 Eagle Street

BRISBANE QLD 4000

Phone No: +61 7 3228 0400

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18.3. Date of insolvency

In our consideration of the solvency of the Companies, we observed the majority of trading and funding within the Companies was largely dependent on four (4) particular entities, being:

- Privium Pty Ltd (formerly Privium Homes Pty Ltd);
- Privium Investments Pty Ltd;
- Privium Civil Pty Ltd; and
- Privium Developments Pty Ltd.

Given the closely interlinked finances and the extent of cross-collateralisation by BNY, we consider the Companies overall solvency position to be contingent on the above listed entities (“trading entities”).

Therefore, in our assessment we have only assessed the solvency of the trading entities. It is our opinion that if the trading entities were found to be insolvent, the remaining five (5) would be as well.

18.3.1. Solvency review – balance sheet test

We have summarised our review of the trading entities’ historical net asset and working capital position below. In the following sections, we detail the net asset and working capital position of each of the trading entities.

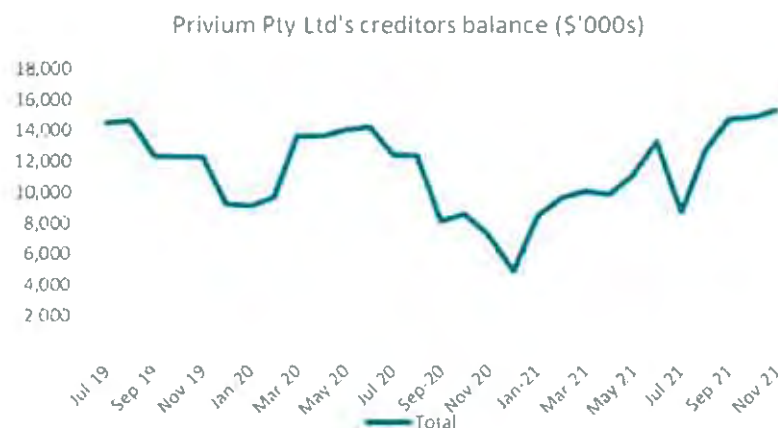
Summary

- The trading entities had a positive net asset position in FY2019 and FY2020, and a negative net asset position from FY2021 to the date of appointment (17 November 2021). That is, from FY2021 to the date of appointment the trading entities’ total liabilities outweigh its’ total assets.
- The trading entities maintained a working capital ratio of above one, averaging 2.3 since FY2019 which indicates it had sufficient funds (from current assets) available to meet its short-term debts.
- The trading entities appear to have utilised intercompany loans to fund day-to-day operations from FY2019 up to the date of appointment.
- The trading entities do not appear to have sufficient cash to cover its’ current liabilities, with an average cash ratio of 0.3 since FY2019. That is, they only has 30 cents of cash to cover every \$1 of current liabilities.
- From December 2020 onwards, the trading entities’ trade creditor balances has been trending upwards, suggesting the trading entities had increased expenditure which may place further pressure on cash flow.

Privium Pty Ltd

- Privium Pty Ltd has maintained a positive net asset position since FY19 (i.e. its total assets outweigh its total liabilities).
- Privium Pty Ltd also had a working capital ratio of above one, averaging at 2.2 since FY2019 which indicates that it had sufficient current assets available to meet its short-term debts.
- Privium Pty Ltd appears to have utilised intercompany loans to fund day-to-day operations.

- Privium Pty Ltd does not appear to have sufficient cash to cover current liabilities, with an average cash ratio of 0.3 over the period from July 2018 to November 2021.
- We observed the following in relation to Privium Pty Ltd's creditor balances:
 - As set out in the figure below, Privium Pty Ltd had an increasing creditor balance from December 2020 onwards:



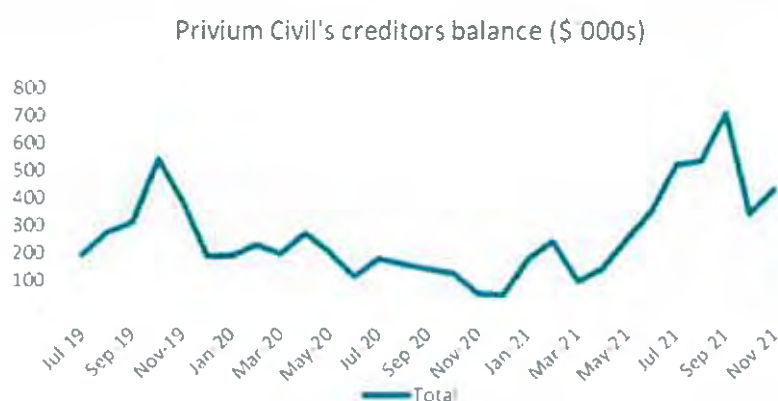
- Further to the above, from August 2021 onwards, the amount owed to creditors within 31-60 days increased also increased from \$2 million in August 2021 to \$6 million up to the date of appointment (this comprised 16% of the total creditor balance in August 2021 and 35-41% of the total creditor balance up to the date of appointment).
- Given the number of creditors from July 2019 to November 2021 had not changed significantly (on average 370 creditors), the above figure suggests Privium Pty Ltd's expenditure increased from December 2020, and therefore its trade creditors balances were also increasing.
- As Privium Pty Ltd does not appear to have sufficient cash to cover its short-term debt (as described above), an increasing creditor balance may have placed further pressure on Privium Pty Ltd's ability to pay debts as they fall due.

Privium Investments Pty Ltd

- Privium Investments had a negative net asset position since FY2019, with a significantly negative position since FY2020 (\$11.0 million). That is, it owed significantly more debt (liabilities) compared to the total assets it owns.
- Privium Investments had a working capital ratio of 8.1 in FY19 however this is largely due to minimal current liabilities (approximately \$6,000 in accrued expenses). It did not record any other current liabilities in the period from FY2020 to November 2021.
- Privium Investments cash balance in FY2021 and as at November 2021 was under \$100.
- Privium Investments had intercompany loan liabilities in FY2020 to November 2021 between \$15.5 million and \$16 million.

Privium Civil Pty Ltd

- Privium Civil had a positive net asset position in FY2019 and FY2020 and a negative net asset position from FY2021 onwards indicating that from FY2021 onwards, its total liabilities outweigh its total assets.
- Privium Civil has a working capital ratio averaging 4.4 over the period FY2019 to November 2021 which indicates that it has sufficient funds (from current assets) to cover its short-term debts.
- Privium Civil had insufficient cash to cover its current liabilities from FY2019 onwards however, it had access to funding through intercompany loans.
- We observed the following in relation to Privium Civil's creditor balances:
 - As set out in the figure below, Privium Civil had an increasing creditor balance from December 2020 onwards:



- Given the number of creditors from July 2019 to November 2021 has not changed significantly (on average 28 creditors), the above figure suggests that Privium Civil's expenditure increased from December 2020 and therefore, its trade creditors balances were also increasing.
- As Privium Civil does not appear to have sufficient cash to cover its short-term debt (as described above), an increasing creditor balance may place further pressure on Privium Civil's ability to pay debts as they fall due.

Privium Developments Pty Ltd

- Privium Developments had a negative net asset position since FY2020 (i.e. its total liabilities outweigh its total assets).
- Privium Developments also had a working capital ratio of below one from FY2021 onwards although the only current liabilities recorded in the balance sheet relates to the provision for doubtful debts.
- Privium Developments' cash balance has deteriorated after FY2019 (from \$181,000 in FY2019 to \$5,000 as at November 2021)

18.3.2. Solvency review – cash flow test

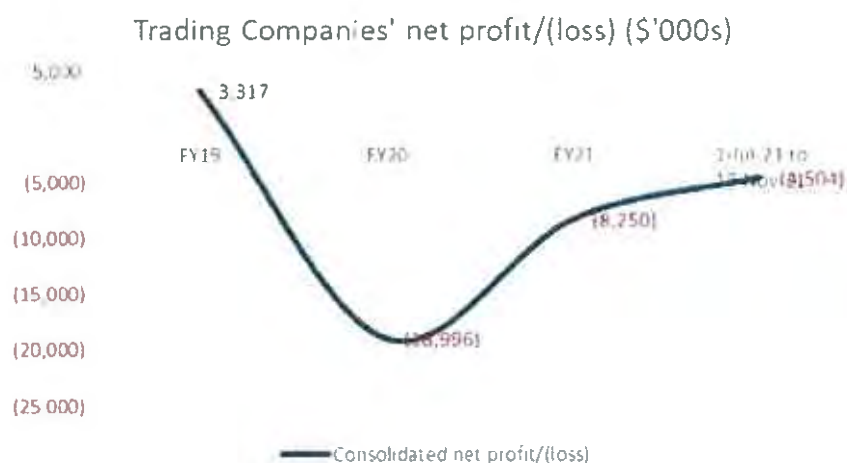
The cash flow test involves assessing the Companies' ability to meet their obligations as and when they fall due. There are many elements to consider and we have considered the following:

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

We have summarised our preliminary review of the trading Companies' ability to meet its obligations as and when they fall due. In the following sections, we detail the cash flow position of each of the trading entities.

Summary

- The trading entities experienced successive trading losses from FY2020 onwards. The accumulated losses from the last two financial years (FY2020 and FY2021) total approximately \$27.2 million. Further, the trading entities had accumulated losses of approximately \$4.5 million in the current financial year (for the period 1 July 2021 to 17 November 2021).

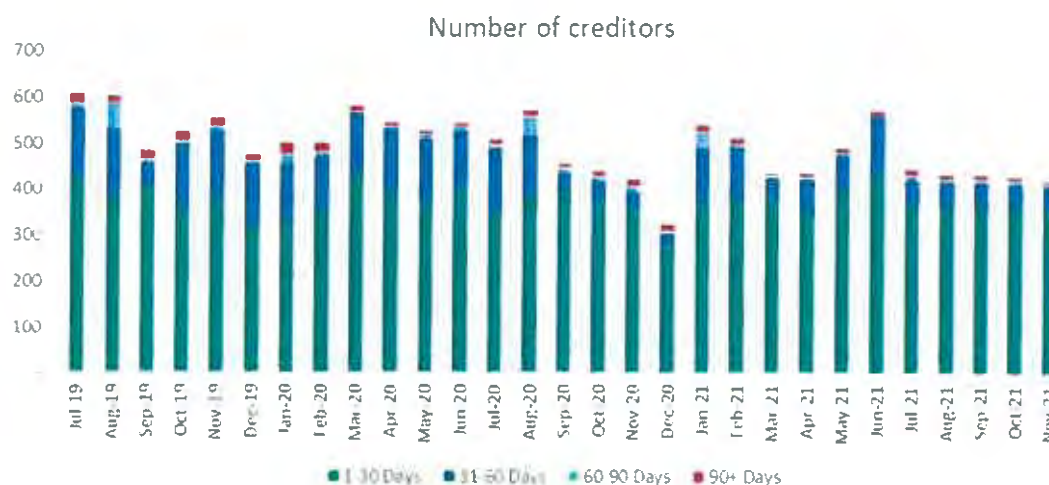


- The trading entities' ability to service debt in the short-term is based on the proportion of current assets to current liabilities, set out in the table below.

AUD \$ '000	FY19	FY20	FY21	Nov-21
Current Assets	67,857	53,474	49,695	39,844
Current Liabilities	30,031	27,910	19,435	17,358
Working Capital	37,826	25,565	30,260	22,486
Current Ratio	2.3	1.9	2.6	2.3

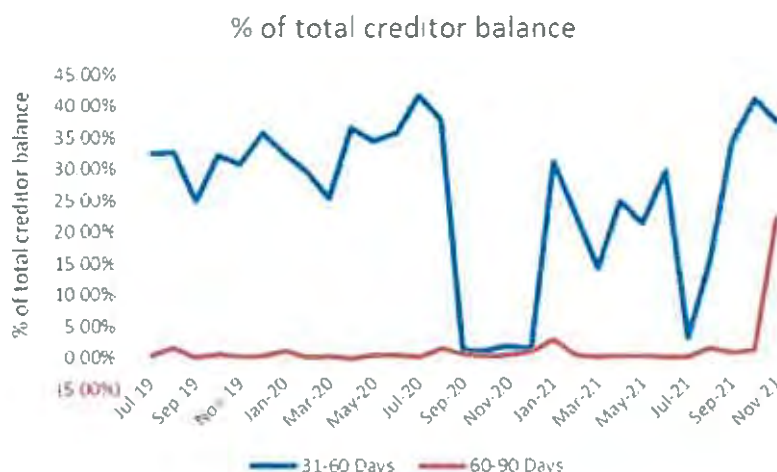
Source: Management accounts and the trading entities' Audited Financial Statements (where available)

- The above table illustrates that the trading entities have maintained a current ratio of above one (with an average of 2.2) over the last three (3) financial years which indicates it had sufficient working capital.
- Each of the trading entities do not appear to have significant or any external access to funding but rather appear to rely on intercompany loans to fund day-to-day operations.
- We have reviewed the trading entities aged creditor listings for the period from July 2019 to November 2021 and summarise the total number of creditors over period in the figure below:



Source: Aged creditors summary from Privium Pty Ltd and Privium Civil's management accounts

- In the following figure we summarise the percentage of the total creditor balances that fall within 31 to 90 days. We note that only a small proportion of the balances were greater than 90 days and therefore, have not displayed this in the figure below.



Source: Aged creditors summary from Privium Pty Ltd and Privium Civil's management accounts

- In relation to the above figures, we note the following:
 - Only Privium Pty Ltd and Privium Civil had trade creditor balances.
 - There were minimal creditor balances within the 90+ day period.
 - The creditor balances within the 31-60 day period was trending upwards from July 2021 onwards and was greater than 15% of the total balance from August 2021. This indicates that the trading entities were taking longer to repay its debts as they became due.
 - The creditor balances within the 60-90 day period also spiked in November 2021 to 22%, the date of appointment which further indicates that the trading entities' may not have had sufficient funds to pay its debts as they became due.
- Based on the financial statements, all the trading entities financial statements were prepared on a going concern basis.

*Privium Pty Ltd**Ongoing trading losses*

For the purposes of assessing the solvency of the trading entities, we have reviewed the annual earnings profile over the period 1 July 2018 to 17 November 2021, as set out in the figure below:



Source: Audited financial statements for FY2019 to FY2021, management accounts for FY2022

With respect to the above graph, we note the following:

- Privium Pty Ltd experienced successive trading losses from FY2020 onwards. The accumulated losses for the last two financial years (FY2020 and FY2021) total approximately \$7.0 million. Further, Privium Pty Ltd has accumulated losses of approximately \$2.0 million in the current financial year (for the period 1 July 2021 to 17 November 2021).
- Preliminary investigations indicate trading losses were predominately due to the challenging market conditions as a result of COVID-19 (from FY2020 onwards). Based on the audited financial statements, the Companies have been impacted by COVID-19 through:
 - “Material disruption to the Company’s customers and their operations and therefore, impacts the Company’s revenue;
 - Absenteeism or inability of the Company’s workforce to support operations or customers’ workforces being impacted such that their operations are impacted;
 - Unavailability or delay of products and supplies used in Company’s operations; and
 - Estimating the recoverability of inventories, contract assets and prepaid sales commissions.”¹⁴
- We note the above indicates Privium Pty Ltd was not generating sufficient cash from day-to-day operations to meet its liabilities from FY2020.

¹⁴ Privium Pty Ltd FY2020 Audited Financial Statements

Liquidity ratios and levels of working capital

Privium Pty Ltd's ability to service debt in the short term is based on the proportion of current assets to current liabilities, set out in the table below.

AUD \$ '000	FY19	FY20	FY21	Nov-21
Current Assets	66,801	51,831	47,501	37,540
Current Liabilities	29,776	27,798	18,551	16,518
Working Capital	37,024	24,033	28,950	21,022
Current Ratio	2.2	1.9	2.6	2.3

The amount of working capital is calculated by deducting current liabilities from current assets. The current ratio is calculated by dividing the current liabilities by the current assets.

The above table illustrates that Privium Pty Ltd has maintained a current ratio of above one (with an average of 2.2) over the last three (3) financial years, indicating it had sufficient working capital (current assets) to cover its' short-term debts. That is, it has 2.2 times more current assets than current liabilities.

Access to funding

Privium Pty Ltd appears to have funded ongoing working capital primarily through intercompany loans, as set out in the table below.

AUD \$ '000	FY19	FY20	FY21	Nov-21
Interest-bearing loans and borrowings (Current)	149	117	-	-
Intercompany loans and borrowings (Non-current)	14,334	6,166	11,151	3,219
Total access to funding	14,483	6,282	11,151	3,219

Other factors

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

- Inability to produce timely and accurate financial information to represent trading activities;
- Trade Creditors – aging and special arrangements;
- Arrears of statutory liabilities; and
- Material uncertainty relating to going concern.

Our findings with regards to these other factors are noted below.

Inability to produce timely and accurate financial information to display the companies' trading performance and financial position, and make reliable forecasts

- The Companies maintained an accounting system proven to be largely accurate.
- This factor was not evident prior to our appointment.

Arrears of statutory liabilities

Our preliminary investigations indicate that Privium Pty Ltd had arrears of the following:

- Office of State Revenue in the amount of \$23,411.80 in FY2020.
- Australian Tax Office in the amount of \$122,127.71 in FY2022.

We have not identified any other arrears of statutory liabilities, however, further investigation may be required if the Companies' enter liquidation.

Trade Creditors – aging and special arrangements

We have analysed the trade creditors for Privium Pty Ltd and Privium Civil Pty Ltd together and have summarised this analysis in the 'summary' section above.

We are aware of statutory demands notices from two Privium creditors as follows:

- Statutory demand for payment of debt dated 20 October 2021 from Enjoy Life Group Pty Ltd in the sum of \$285,000.
- Statutory demand for payment of debt dated 9 November 2021 from Carnelian Projects Pty Ltd in the sum of \$16,850.

With the exception of the above, our preliminary review of the available information to date reveals little evidence of other creditors pressuring the Companies to settle outstanding accounts, nor have we observed any evidence of enforcement or legal action taken by any other creditor.

Material uncertainty relating to going concern

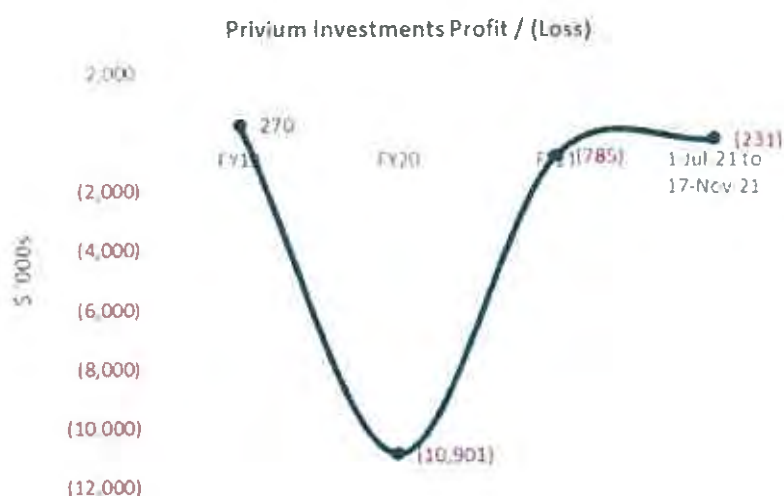
The Companies' financial statements are prepared as special purpose financial statements and explicitly state they have been prepared on a going concern basis.

The financial statements also contain a declaration by the Directors indicating, in their opinion, they have reasonable grounds to believe the Companies will be able to pay debts as and when they become due and payable.

Privium Investments Pty Ltd

Ongoing trading losses

For the purposes of assessing the solvency of the trading entities, we have reviewed the annual earnings profile over the period 1 July 2018 to 17 November 2021, as set out in the figure below:



Source: Privium Investments Pty Ltd Management Accounts (2021)

With respect to the above graph, we note the following:

- Privium Investments experienced successive trading losses from FY2020 onwards, totalling \$11.9 million for the period FY2020 to November 2021.
- Similarly to Privium Pty Ltd, our preliminary investigations indicate trading losses were predominately due to the challenging market conditions as a result of COVID-19 (from FY2020 onwards).
- We note the above indicates Privium Investments was not generating sufficient cash from day-to-day operations to meet its liabilities from FY2020.

Liquidity ratios and levels of working capital

Privium Investments' ability to service debt in the short-term is based on the proportion of current assets to current liabilities, set out in the table below.

AUD \$ '000	FY19	FY20	FY21	Nov-21
Current Assets	51	652	895	615
Current Liabilities	6	-	-	-
Working Capital	45	652	895	615
Current Ratio	8	N/A	N/A	N/A

The amount of working capital is calculated by deducting current liabilities from current assets. The current ratio is calculated by dividing the current liabilities by the current assets.

The above table illustrates that Privium Investments had a high current ratio (8) in FY2019 indicating it had sufficient working capital (current assets) to cover its' short-term debts. That is, it had 8 times more current assets than current liabilities.

However, Privium Investments did not have any current liabilities recorded from FY2020 onwards. This is expected as Privium Investments functioned as the investments and capital allocation entity of the Companies.

Access to funding

Privium Investments appears to have funded ongoing working capital primarily through intercompany loans, as set out in the table below.

AUD \$ '000	FY19	FY20	FY21	Nov-21
Intercompany loans and borrowings (Non-current assets)	44,949	48,700	56,120	56,351
Loans and borrowings (Non-current assets)	13,009	2,922	(189)	(189)
B & S Harder Super Fund (Non-current liabilities)	300			
Intercompany loans and borrowings (Non-current liabilities)	(57,101)	(36,099)	(39,892)	(40,172)
Total access to funding	1,157	15,523	16,039	15,990

Other factors

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

- Inability to produce timely and accurate financial information to represent trading activities;
- Trade Creditors – aging and special arrangements;
- Arrears of statutory liabilities; and
- Material uncertainty relating to going concern.

Our findings with regards to these other factors are noted below.

Inability to produce timely and accurate financial information to display the companies' trading performance and financial position, and make reliable forecasts

- The Companies maintained an accounting system proven to be largely accurate.
- This factor was not evident prior to our appointment.

Trade Creditors – aging and special arrangements

Privium Investments did not have any trade creditors.

Arrears of statutory liabilities

Our preliminary investigations do not indicate that Privium Investments had arrears of statutory liabilities. However, further investigation may be required if the Companies' enter liquidation.

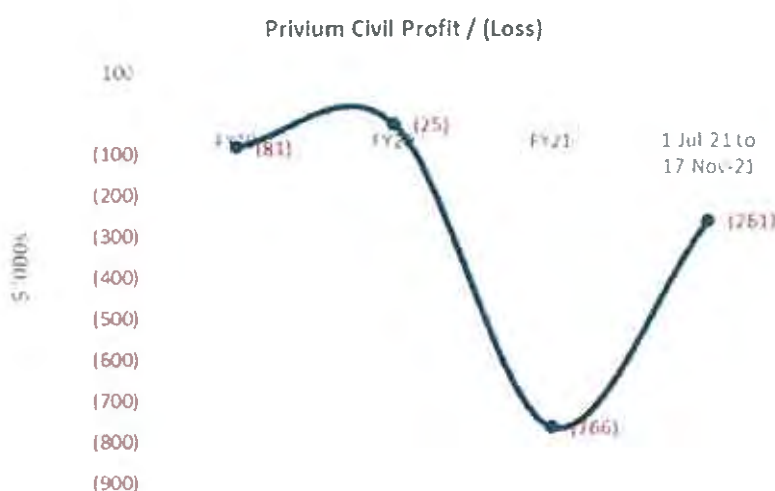
Material uncertainty relating to going concern

The Companies' financial statements are prepared as special purpose financial statements and explicitly state that they have been prepared on a going concern basis.

The financial statements also contain a declaration by the Directors indicating, in their opinion, they have reasonable grounds to believe the Companies will be able to pay debts as and when they become due and payable.

*Privium Civil Pty Ltd**Ongoing trading losses*

For the purposes of assessing the solvency of the trading entities, we have reviewed the annual earnings profile over the period 1 July 2018 to 17 November 2021, as set out in the figure below:



Source: Privium Civil Pty Ltd Management Accounts (2021)

With respect to the above graph, we note the following:

- Privium Civil experienced successive trading losses from FY2019 onwards, totalling \$1.1 million for the period FY2019 to November 2021.
- Similarly to Privium Pty Ltd, our preliminary investigations indicate trading losses were predominately due to the challenging market conditions as a result of COVID-19 (from FY2020 onwards).
- We note the above indicates Privium Civil was not generating sufficient cash from day-to-day operations to meet its liabilities from FY2020.

Liquidity ratios and levels of working capital

Privium Civil's ability to service debt in the short-term is based on the proportion of current assets to current liabilities, set out in the table below.

AUD \$ '000	FY19	FY20	FY21	Nov-21
Current Assets	735.8	947.5	1,152.9	1,550.8
Current Liabilities	248.7	111.7	455.8	411.6
Working Capital	487	836	697	1,139
Current Ratio	3.0	8.5	2.5	3.8

The amount of working capital is calculated by deducting current liabilities from current assets. The current ratio is calculated by dividing the current liabilities by the current assets.

While the above table illustrates that Privium Civil had a high current ratio (suggesting it had sufficient working capital to cover its' short-term debts), practically it did not appear to have sufficient cash at bank to meet its' current liabilities (cash was below \$1,000 each period).

Access to funding

Privium Civil appears to have funded ongoing working capital entirely through intercompany loans, as set out in the table below.

AUD \$ '000	FY19	FY20	FY21	Nov-21
Loan - Privium Assets	268	238	1,217	1,923
Loan - Privium Group	-	-	(353)	(353)
Total access to funding	268	238	864	1,570

Other factors

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

- Inability to produce timely and accurate financial information to represent trading activities;
- Trade Creditors – aging and special arrangements;
- Arrears of statutory liabilities; and
- Material uncertainty relating to going concern.

Our findings with regards to these other factors are noted below.

Inability to produce timely and accurate financial information to display the companies' trading performance and financial position, and make reliable forecasts

- The Companies maintained an accounting system proven to be largely accurate.
- This factor was not evident prior to our appointment.

Trade Creditors – aging and special arrangements

We have analysed the trade creditors for Privium Pty Ltd and Privium Civil together and have summarised this analysis in the 'summary' section above.

Our review of the available information reveals no evidence of other creditors pressuring the Companies to settle outstanding accounts, nor is there any evidence of enforcement or legal action taken by any other creditor.

Arrears of statutory liabilities

Our preliminary investigations do not indicate that Privium Civil had arrears of statutory liabilities. However, further investigation may be required if the Companies' enter liquidation.

Material uncertainty relating to going concern

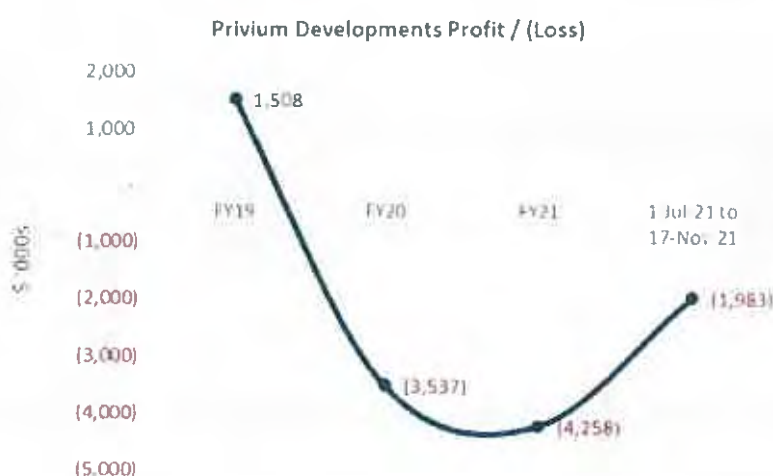
The Companies' financial statements are prepared as special purpose financial statements and explicitly state they have been prepared on a going concern basis.

The financial statements also contain a declaration by the Directors indicating, in their opinion, they have reasonable grounds to believe the Companies will be able to pay debts as and when they become due and payable.

Privium Developments Pty Ltd

Ongoing trading losses

For the purposes of assessing the solvency of the trading entities, we have reviewed the annual earnings profile over the period 1 July 2018 to 17 November 2021, as set out in the figure below:



Source: Privium Developments Pty Ltd Management Accounts (2021)

With respect to the above graph, we note the following:

- Privium Developments experienced successive trading losses from FY2020 onwards, totalling \$9.7 million for the period FY2020 to November 2021.
- Similarly to Privium Pty Ltd, our preliminary investigations indicate trading losses were predominately due to the challenging market conditions as a result of COVID-19 (from FY2020 onwards).
- We note the above indicates Privium Developments was not generating sufficient cash from day-to-day operations to meet its liabilities from FY2020.

Liquidity ratios and levels of working capital

Privium Developments' ability to service debt in the short-term is based on the proportion of current assets to current liabilities, set out in the table below.

AUD \$ '000	FY19	FY20	FY21	Nov-21
Current Assets	269	44	146	138
Current Liabilities	-	-	429	429
Working Capital	269	44	(282)	(291)
Current Ratio	N/A	N/A	0.3	0.3

The amount of working capital is calculated by deducting current liabilities from current assets. The current ratio is calculated by dividing the current liabilities by the current assets.

The above table illustrates that Privium Developments has insufficient working capital (from current assets) to meet its' current liabilities from FY2021. That is, the current asset to current liabilities ratio is 0.3:1.

Access to funding

Privium Developments appears to have funded ongoing working capital primarily through intercompany loans, as set out in the table below.

AUD \$ '000	FY19	FY20	FY21	Nov-21
Intercompany loans and borrowings assets (non current asset)	-	-	(1,408)	(1,507)
Loan receivables (non-current assets)	(28,302)	(17,678)	(5,762)	(5,232)
Loan - Privium Assets	26,679	20,839	18,054	19,589
Loan - Privium Group	-	-	(3,363)	(3,363)
Total access to funding	(1,622)	3,161	7,521	9,488

Other factors

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

- Inability to produce timely and accurate financial information to represent trading activities;
- Trade Creditors – aging and special arrangements;
- Arrears of statutory liabilities; and
- Material uncertainty relating to going concern.

Our findings with regards to these other factors are noted below.

Inability to produce timely and accurate financial information to display the companies' trading performance and financial position, and make reliable forecasts

- The Companies maintained an accounting system proven to be largely accurate.
- This factor was not evident prior to our appointment.

Trade Creditors – aging and special arrangements

Privium Developments did not have any trade creditors

Arrears of statutory liabilities

Our preliminary investigations do not indicate that Privium Developments had arrears of statutory liabilities. However, further investigation may be required if the Companies' enter liquidation.

Material uncertainty relating to going concern

The Companies' financial statements are prepared as special purpose financial statements and explicitly state they have been prepared on a going concern basis.

The financial statements also contain a declaration by the Directors indicating, in their opinion, they have reasonable grounds to believe the Companies will be able to pay debts as and when they become due and payable.

Conclusion

Based on the above analysis, our preliminary view is the Companies may have been insolvent from at least August 2021.

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

- The trading entities had a negative net asset position from 1 July 2020 (FY2021) to the date of appointment (17 November 2021).
- The trading entities do not appear to have sufficient cash to cover current liabilities, with an average cash ratio of 0.3 since FY2019.
- The trading entities experienced successive trading losses from FY2020 onwards (\$19 million in FY2020 and \$8 million in FY2021) and had accumulated losses of approximately \$4.5 million in the current financial year (for the period 1 July 2021 to 17 November 2021).
- The trade creditors balance increased from \$9 million in July 2021 to \$13 million in August 2021. From August 2021 onwards, the creditors balance was approximately \$15 million to the date of appointment indicating an increase in expenditure which may place pressure on the trading entities' ability to pay debts as they fall due.
- The percentage of the total creditor balance within 31-60 days increased dramatically from August 2021 and was between 34% and 41% in the subsequent months leading up to the date of appointment. The percentage of the total creditor balance within 60 days also increased to 22% in November 2021.

Nevertheless, further investigations will be required by the Liquidators iff creditors resolve for the Companies to be wound up to confirm the exact date of insolvency

18.4. 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.

18.4.1. Unfair preferences

We have reviewed the payments made by the Companies during the period leading up to appointment, considering the potential date of insolvency of the company. We have identified a number payments which may constitute an unfair preference payment to ordinary unsecured creditors. A summary of payments which have been flagged as potentially preferential is shown on the below table:

Entity	Number of Creditors	Potential preferential payments (\$)
Privium Civil Pty Ltd	2	209,519
Privium Pty Ltd	1	345,966
Total		551,485

Further investigations in relation to the available defences including whether the creditors could have reasonably expected the Companies to be insolvent, would need to be undertaken should the Companies be placed into liquidation.

Based on our preliminary review, we believe there is limited information available to suggest creditors have exerted any undue pressure on the Companies for preferential payments or would have otherwise had reasonable suspicion of insolvency.

The quantum of recoverable preference payments is unknown at this stage.

18.4.2. Uncommercial transactions

We have identified several potential uncommercial transactions in connection with related entities, however, further investigations would be required to consider whether the Companies were insolvent at the time of the transaction and to balance the benefits and detriments of the Companies entering into the transactions.

The related entities that appear to have potentially benefited from certain transactions are set out in the table below:

Related Party	Date Incorporated	Officers
Open Gold Capital Pty Ltd (formerly W2G 7 Pty Ltd)	04/11/2013	Robert John Harder (current) Jared Sa-Bin Harder (former) James Jonathan Harder (former)
The Promise Qld Pty Ltd	10/05/2012	Rachel Anne Harder (current) Robert John Harder (former) Trevor Hugh Adams (former)
Love Your World (registered charity)	06/06/2012	Rachel Harder Hayley Hayes Lance Hayes
Growme Aus Pty Ltd	29/04/2015	Christopher Harasty (current) Robert John Harder (former)
Joli Limited (registered charity)	21/09/2017	Jared Harder Alenta Kabamba Desley Scott Draeger Cathy Henk La Dru Timothy Hanna

We summarise the transactions below:

Privium Group Pty Ltd

- \$20million transaction on 29 June 2020 comprising of the following cash transactions:
 - Deposit of approximately \$20.2 million to Privium Group's Westpac bank account with the description 'Open Gold to Privium'
 - Transfer of \$20.2 million from Privium Group's Westpac bank account to the clearing account with the description 'Privium to the Promise'
 - \$18 million withdrawal from the Privium Group's Westpac bank account recorded as a dividend paid to The Promise
 - \$2 million withdrawal from the Privium Group's Westpac bank account recorded as a loan in the accounts from The Promise with the description 'Privium to the Promise' and a loan from Open Gold Unit Trust with the description 'Privium to repay Moonie River (part of transaction for OGA investment)'
 - When queried, we were advised by a member of the Privium finance team in order to present a more attractive balance sheet to prospective investors, an \$18 million dividend was distributed to shareholders. We were also advised these shareholders would then decide to invest into the Open Gold business plan, which allowed Open Gold to acquire \$18 million worth of Privium shares in return.
 - Further investigation in relation to this \$18 million dividend is required to determine the commerciality of these transactions.

Privium Pty Ltd

- Online bank transfers (withdrawals) of at least \$500,000 (in September 2020, June 2021 and September 2021) identified in Privium Pty Ltd Westpac bank account which appear to have been paid to 'Love Your World'
- Bank transactions relating to Open Gold including the following:
 - Online bank transfers (withdrawals) of at least \$2.6 million (in March and June 2021) identified in Privium Pty Ltd's Westpac bank account to Open Gold with the transaction description such as 'Drafting Privium', 'Corporate' and 'REA'.
 - Online bank transfers (deposits) of at least \$1.1 million (in March and July 2021) from Open Gold.
 - Based on the MYOB files provided to us over this period, we have only been able to identify one payment (withdrawal) in March 2021 to Open Gold recorded in the accounts totalling approximately \$208,000.
 - When queried, we were advised by a member of the Privium finance team up to FY2021 Open Gold was a prospective parent company of Privium. Open Gold's business plan was to raise capital and purchase the Privium entities. The payments to Open Gold represent actual services provided to Privium which included management services, accounting software and drafting.
 - Further investigations in relation to Open Gold's relationships with the Privium entities will need to be explored to determine the commerciality of the arrangements.
- Privium Pty Ltd entered into an agreement with Joii Limited (trading as Joii Tech) for the purchase of IT Equipment for an amount which appears to be significantly in excess of market value. Further investigations will be required in this regard.

Privium Investments Pty Ltd

- A \$11.9 million investment in 'Growme (Aus) P/L' was recorded in Privium Investments' accounts on 27 March 2020. However, it was written down to approximately \$615,000 by 30 June 2020. Our preliminary investigations have not identified any cash movement relating to this transaction.
 - When queried, a member of the Privium finance team informed us that Growme is a software development company which developed the same software that Privium used for task management and the impairment was recorded as a result of differing views of independent valuers.
 - We were further advised that, per our observation, no money was exchanged for the Growme investment. Rather, it entered the Privium Investment's books in exchange for the forgiveness of related entity loans previously owed by PAG.
 - Further investigations will need to be undertaken to determine the commerciality of this loan forgiveness, as well as the value of the Growme investments.
- Movements in loan accounts comprising of the following:
 - Reduction of loans from 'AR Clement Investment', 'LATL' and 'Plug Investments' totalling \$8.1million in 30 June 2020 recorded against the loan account of The Promise with the description 'Consolidation of shareholder loans into the Promise'. As at 30 June 2020, the Promise loan balance recorded as a liability in the accounts of Privium Investments was \$10.9 million.

- Transfer of the \$10.9 million loan balance of The Promise to the loan account of Open Gold Capital P/L on 1 July 2020 with the description 'Move from The Promise to Open Gold'.
- Transfer of \$2.2 million loan balance of Open Gold Accounts P/L to the loan account of Open Gold Capital P/L on 1 July 2020 with the description 'Change Open Gold Accounts'.
- Director interest expenses recorded for the Promise and Open Gold loan accounts and additional transfer of loans to the Open Gold Capital loan account totalling \$4.7 million from 31 July 2020 to October 2021. The loan balance (liability to Privium Investments) as at 31 October 2021 for the Open Gold Capital account is \$17.8 million.
- Our preliminary investigations have not identified any cash movement relating to these transactions.
- When queried, we were advised by a member of the Privium finance team the above transactions represented shareholder loans ('AR Clement Investment', 'LATL' and 'Plug Investments') using their personal vehicles as the debt instruments. In calendar year 2020, the loan balances were consolidated to Open Gold (initially to The Promise Qld Pty Ltd). This was part of the broader Open Gold business plan to raise capital and start the 'roll up' of companies. The shareholder loans have not been repaid.

Personal Payments

- Further investigations are required to determine if any payments were made by any of the Companies to the Director, former Directors and their associates relating to their personal expenses.

The above entities are related parties to the Companies due to either common directors, or having relatives of the director as office holders.

Based on our preliminary review, and despite the initial advice obtained from the Director, it is still unclear whether the above transactions were conducted on a commercial or uncommercial basis. Further investigations will be required if the Companies enter liquidation, particularly concerning the Companies' relationship with Open Gold and transfers to The Promise and Love Your World. Public examinations of individuals involved in the transactions may also be required.

18.4.3 Unfair loans

To identify unfair loans entered into by the Companies we have reviewed the management accounts, analysed movements in balances and examined loan documents where available. Consideration has been given to the term of the loan, interval of repayments and interest rate levied.

As identified previously, the Companies are primarily funded through intercompany loans namely from Privium Assets (formerly Impact Assets) and Privium Group (formerly Impact Group). We have not been provided any intercompany loan agreements or details as to the conditions of these loans.

Therefore, other than the uncommercial transactions detailed above, we are not aware of any potential unfair loans which could likely result in property being recovered for the benefit of creditors.

18.4.4. Unreasonable director-related transactions

The related party transactions discussed in relation to uncommercial transactions could also constitute unreasonable director-related transactions. As detailed above, further investigation will be required to determine if these transactions were in the commercial interest of the Companies.

18.4.5. Related entity benefits

Our investigations to date have not revealed any transactions with related entities which would likely result in property being recovered for the benefit of creditors, other than the potential unfair preference and uncommercial transaction outlined above.

18.4.6. Arrangements to avoid employee entitlements

Arrangements to avoid employee entitlements is typically characterised as phoenix activity, through which the operations of a company in liquidation are continued by deliberately diverting key assets to a new entity and, in the process, avoiding paying employee entitlements.

As the Company did not employ, our investigations to date suggests such arrangements do not exist.

18.4.7. Voidable charges

The Personal Property Securities Register has been searched for charges granted by the Companies. Our preliminary investigations has revealed a security interest held by Open Gold Capital Pty Ltd. We also note the following:

- An unsigned General Security Agreement on 30 June 2020 indicates Privium Group as the Grantor, provided security to Open Gold Capital Pty Ltd as Secured Party.
- A loan agreement of \$20 million dated 17 May 2021 was executed with the Lender being Open Gold Capital Pty Ltd, the Borrower being Privium Investments Pty Ltd and the Guarantor being Privium Group Pty Ltd.
- Open Gold Capital Pty Ltd lodged an ALLPAAP security interest on the PPSR of the company on 28 June 2021.
- A loan amendment dated 1 July 2021 was executed with the Lender being Open Gold Capital Pty Ltd and the Borrower being Privium Investments Pty Ltd.

We are currently seeking advice on the validity of the security interests. Further investigations would need to be undertaken should the Companies be placed into liquidation.

18.4.8. Offences with Directors

The Directors owe the below duties to the Companies:

- **Section 180 – Act with care and diligence**

Directors must exercise their powers and discharge their duties with the degree of care and diligence of a reasonable person which holds such a position.

Our preliminary view is it appears likely the Director and former Directors may have breached Section 180(1) of the Act by way of failure to exercise the powers and discharge duties with the degree of care

and diligence that a reasonable person would exercise in the Director's position. We say this on the basis of the following:

- Failure to ensure Privium Pty Ltd paid insurance premium to the VMIA and iCARE NSW, resulting in a large number of clients becoming unable to make a claim for damages they suffered as a result of the Companies failure to complete the building contracts.
- The Director appeared to have caused the Companies to enter into unusual transactions with related entities in which he was also a Director of or which his immediate family were office holders of, which on the face of it do not appear to have been commercial. However, further investigations in this regard will be required to confirm this suspicion.

■ **Section 181 – Act in good faith**

Directors are required to act in good faith in the best interest of the Companies and for a proper purpose. Acting in the best interest of the Companies required a belief, at the time a decision is made, the course of action will result in benefit to the Companies.

As noted above, subject to further investigations required in relation to the uncommercial transactions as discussed in **Appendix 18.4.2**, it is likely the Director and former Directors may have been in breach of his duties under Section 181(2) of the Act.

■ **Section 182 – Use of position**

Directors owe a duty to the Companies to not improperly use their position to gain an advantage for themselves or cause detriment to the Companies.

Based on our preliminary observations, and noting the related party transactions discussed in **Appendix 18.4.2**, do require further investigations, it seems evident the Director had used his position as Director to enter into transactions with other entities of which he is a Director of that do not appear to have been in the Companies best interest.

■ **Section 183 – Use of information**

Directors owe a duty to the Companies to not improperly use information to gain an advantage for themselves or cause detriment to the Companies. Our investigations have not revealed any occurrences of improper use of information.

■ **Section 588G – Duty to prevent insolvent trading**

Directors have a duty to prevent the Companies trading while insolvent. If the Directors traded the Companies while insolvent and are unable to avail themselves by applying the safe harbour provisions as defined in Section 588GA of the Act or the defences in Section 588H of the Act, they can be held liable for debts incurred by the Companies while trading insolvent. Based on our preliminary investigations, and as detailed in **Appendix 18.3**, it appears the Company had traded whilst insolvent from at least August 2021.

However, further investigations in this regard will be required to determine the exact date of insolvency if the Companies are placed into liquidation.

19. Appendix 9 – Estimated return to creditors

Below are estimated statements of position in respect of each Company. The below tables provide the high and low scenarios in a liquidation.

Privium Group Pty Ltd				Privium Pty Ltd		Privium Investments Pty Ltd	
	Notes	Liquidation		Liquidation		Liquidation	
		Low Return	High Return	Low Return	High Return	Low Return	High Return
Non-Circulating Assets							
Real Property	1	Nil	Nil	Nil	Nil	Nil	Nil
Plant and Equipment (inc MV)	2	250,000	250,000	Nil	Nil	Nil	Nil
Less: First Ranking Secured Creditor Claim	3	Nil	Nil	Nil	Nil	Nil	Nil
Surplus/(Shortfall) From Non-Circulating Assets		250,000	250,000	Nil	Nil	Nil	Nil
Circulating Assets							
Cash at Bank at Appointment	4	100,240	100,240	745,608	862,148	49	49
Debtors (Practical completions)	5	Nil	Nil	941,987	1,345,695	Nil	Nil
Investments	6	Nil	Nil	Nil	Nil	1,685,446	3,370,893
Returns from Intercompany loans	7	Nil	Nil	Nil	Nil	Nil	Nil
Liquidator Claims and recoveries	8	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Total Circulating and Claims		100,240	100,240	1,687,595	2,207,843	1,685,495	3,370,942
Total Assets and recoveries available							
External Administration Costs		350,240	350,240	1,687,595	2,207,843	1,685,495	3,370,942
Administrators' Remuneration and Disbursements	9	(138,031)	(138,031)	(692,268)	(692,268)	(55,007)	(55,007)
Estimated Liquidators' Remuneration and Disbursements	9	(200,000)	(50,000)	(400,000)	(200,000)	(50,000)	(40,000)
Estimated Legal Costs	9	(60,000)	(50,000)	(120,000)	(100,000)	(40,000)	(20,000)
Estimated External Administration Costs		(398,031)	(238,031)	(1,212,268)	(992,268)	(145,007)	(115,007)
Surplus/(Shortfall) Available to Secured/Priority Creditors		(47,791)	112,209	475,327	1,215,576	1,540,489	3,255,935
Secured/Priority Creditors							
Bank of New York Mellon	10	(23,040,000)	(23,040,000)	(23,040,000)	(23,040,000)	(23,040,000)	(23,040,000)
Surplus/(Shortfall) Available to Unsecured Creditors		(23,087,791)	(22,927,791)	(22,564,673)	(21,824,424)	(21,499,511)	(19,784,065)
Unsecured creditors							
Shortfall to Secured Creditor	11	(23,087,791)	(22,927,791)	(22,564,673)	(21,824,424)	(21,499,511)	(19,784,065)
Unsecured Creditor Claims		(11,734,682)	(11,734,682)	(28,032,083)	(28,032,083)	(38,507,897)	(38,507,897)
Total Unsecured Creditors		(34,822,473)	(34,662,473)	(50,596,756)	(49,856,507)	(60,007,408)	(58,291,962)
Estimated Distribution for Unsecured creditors (c/\$)		0.0 c/\$	0.0 c/\$	0.0 c/\$	0.0 c/\$	0.0 c/\$	0.0 c/\$

	Notes	Privium Assets Pty Ltd		Privium Civil Pty Ltd		Impact Specs Pty Ltd	
		Liquidation	High Return	Liquidation	High Return	Liquidation	High Return
\$							
Non-Circulating Assets							
Real Property	1	Nil	Nil	Nil	Nil	506,280	628,242
Plant and Equipment (inc MV)	2	2,190,188	2,737,735	Nil	Nil	Nil	Nil
Less: First Ranking Secured Creditor Claim	3	(453,000)	(453,000)	Nil	Nil	Nil	Nil
Surplus/(Shortfall) From Non-Circulating Assets		1,737,188	2,284,735	Nil	Nil	506,280	628,242
Circulating Assets							
Cash at Bank at Appointment	4	Nil	Nil	100,587	100,587	1,258	1,258
Debtors (Practical completions)	5	Nil	Nil	Nil	Nil	Nil	Nil
Investments	6	Nil	Nil	Nil	Nil	Nil	Nil
Returns from Intercompany loans	7	336,947	503,909	Nil	Nil	Nil	Nil
Liquidator Claims and recoveries	8	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Total Circulating and Claims		336,947	503,909	100,587	100,587	1,258	1,258
Total Assets and recoveries available		2,074,135	2,788,644	100,587	100,587	507,538	629,500
External Administration Costs							
Administrators' Remuneration and Disbursements	9	(107,597)	(107,597)	(54,289)	(54,289)	(50,591)	(50,591)
Estimated Liquidators' Remuneration and Disbursements	9	(120,000)	(60,000)	(40,000)	(20,000)	(60,000)	(25,000)
Estimated Legal Costs	9	(72,000)	(60,000)	(25,000)	(10,000)	(60,000)	(50,000)
Estimated External Administration Costs		(299,597)	(227,597)	(119,289)	(84,289)	(170,591)	(125,591)
Surplus/(Shortfall) Available to Secured/Priority Creditors		1,774,539	2,561,048	(18,701)	16,299	336,947	503,909
Secured/Priority Creditors							
Bank of New York Mellon	10	(23,040,000)	(23,040,000)	(23,040,000)	(23,040,000)	Nil	Nil
Surplus/(Shortfall) Available to Unsecured Creditors		(21,265,461)	(20,478,952)	(23,058,701)	(23,023,701)	336,947	503,909
Unsecured creditors							
Shortfall to Secured Creditor		(21,265,461)	(20,478,952)	(23,058,701)	(23,023,701)	Nil	Nil
Unsecured Creditor Claims	11	(47,041,399)	(47,041,399)	(2,322,189)	(2,322,189)	(884,632)	(884,632)
Total Unsecured Creditors		(68,306,860)	(67,520,351)	(25,380,890)	(25,345,890)	(884,632)	(884,632)
Estimated Distribution for Unsecured creditors (c/\$)		0.0 c/\$	0.0 c/\$	0.0 c/\$	0.0 c/\$	0.4 c/\$	0.6 c/\$

Privium Developments Pty Ltd				Residences on Bass Pty Ltd		Impact Land Pty Ltd	
	Notes	Liquidation	High Return	Liquidation	High Return	Liquidation	High Return
\$		Low Return		Low Return		Low Return	
Non-Circulating Assets							
Real Property	1	Nil	Nil	744,950	1,192,250	110,000	264,000
Plant and Equipment (inc MV)	2	Nil	Nil	Nil	Nil	Nil	Nil
Less: First Ranking Secured Creditor Claim	3	Nil	Nil	(450,000)	(406,103)	Nil	Nil
Surplus/(Shortfall) From Non-Circulating Assets		Nil	Nil	294,950	786,147	110,000	264,000
Circulating Assets							
Cash at Bank at Appointment	4	5,027	5,027	Nil	Nil	659	659
Debtors (Practical completions)	5	Nil	Nil	Nil	Nil	Nil	Nil
Investments	6	2,714,632	4,665,550	Nil	Nil	Nil	Nil
Returns from Intercompany loans	7	91,528	622,725	Nil	Nil	Nil	Nil
Liquidator Claims and recoveries	8	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Total Circulating and Claims		2,811,187	5,293,303	Nil	Nil	659	659
Total Assets and recoveries available							
External Administration Costs		2,811,187	5,293,303	294,950	786,147	110,659	264,659
Administrators' Remuneration and Disbursements	9	(80,189)	(80,189)	(63,422)	(63,422)	(78,126)	(78,126)
Estimated Liquidators' Remuneration and Disbursements	9	(20,000)	(100,000)	(80,000)	(50,000)	(80,000)	(50,000)
Estimated Legal Costs	9	(80,000)	(50,000)	(60,000)	(50,000)	(40,000)	(20,000)
Estimated External Administration Costs		(180,189)	(230,189)	(203,422)	(163,422)	(198,126)	(148,126)
Surplus/(Shortfall) Available to Secured/Priority Creditors		2,630,998	5,063,114	91,528	622,725	(87,467)	116,533
Secured/Priority Creditors							
Bank of New York Mellon	10	(23,040,000)	(23,040,000)	Nil	Nil	(23,040,000)	(23,040,000)
Surplus/(Shortfall) Available to Unsecured Creditors		(20,409,002)	(17,976,886)	91,528	622,725	(23,127,467)	(22,923,467)
Unsecured creditors							
Shortfall to Secured Creditor		(20,409,002)	(17,976,886)	Nil	Nil	(23,127,467)	(22,923,467)
Unsecured Creditor Claims	11	(19,589,454)	(19,589,454)	(1,510,449)	(1,510,449)	(71,099)	(71,099)
Total Unsecured Creditors		(39,998,456)	(37,566,340)	(1,510,449)	(1,510,449)	(23,198,566)	(22,994,566)
Estimated Distribution for Unsecured creditors (c/\$)		0.0 c/\$	0.0 c/\$	0.1 c/\$	0.4 c/\$	0.0 c/\$	0.0 c/\$

19.1. Notes

1

Impact Specs Pty Ltd

The anticipated realisations are from three unencumbered vacant blocks of land located in Caboolture, Jimboomba and Ripley. The low return is based on the purchase price of the lots and the high return reflects a 20% premium to the purchase price, accounting for potential improved values as a result of broad-based market increases in recent times. Estimates have been included for realisation costs such as agent's fees, marketing and valuation costs.

Residences on Bass Pty Ltd

The low return is based on the purchase price of the property in 2020 and the high return is based on recent unsolicited expressions of interest. Estimates have been included for realisation costs such as quantity surveyor fees, agent's fees, marketing and valuation costs.

Impact Land Pty Ltd

The low return is based on returned deposits already received by the Administrators and an estimate has been made of potential future deposit refunds for the high return.

2

Privium Group Pty Ltd

Proceeds from the sale of Intellectual Property rights pursuant to the Homecorp Agreement

Privium Assets Pty Ltd

The low return is based on 80% of current valuation of plant, equipment, IT, office equipment and motor vehicles located. The high return is as per the valuation. The valuer does however anticipate the valuation figures will increase as further assets are located. Estimates have been included for realisation costs such as auction commission, marketing and relocation costs. These figures include realisations for plant, equipment, IT, office equipment and motor vehicles included in the Homecorp Agreement.

3

Privium Assets Pty Ltd

Specific security costs payable to Westpac (after set-off of cash at bank), Macquarie Leasing and ANZ upon sale of motor vehicles.

Residences on Bass Pty Ltd

Business Term Loan owed to Westpac (after set-off of cash at bank), secured by registered mortgage over land and General Security Agreement

4

Amounts as per BOQ and Westpac accounts as at date of appointment with the exception of Privium Pty Ltd. The low return only includes BOQ balance as Westpac are currently claiming security over \$149,133.27 in relation to contingent liabilities.

5

The high return reflects Company records for amounts outstanding from clients for the final stage of construction. The low return of 70% makes allowance for contract and defect disputes.

6

Privium Investments Pty Ltd

The realisation is in relation to the Deposit Boost Funds held with Joli Capital Pty Ltd. Although the high return is reflective of book value, we are yet to determine the Company's rights and obligations in respect of collectability. A 50% discount has been applied for the low return however there is no certainty regarding collection.

Privium Developments Pty Ltd

The recovery of secured loans from the PAG companies are dependent on asset realisations by PAG. Each of the developments has been assessed on an individual basis and a range of values, and associated costs, have been attributed to each.

7

There are two entities, Impact Specs Pty Ltd and Residences on Bass Pty Ltd, which are in Voluntary Administration but are not subject to BNY's security. The unsecured creditors of both entities are solely intercompany liabilities. As a result, any surplus (after costs) from the realisation of the assets of these companies, will flow through Privium Assets Pty Ltd and Privium Developments Pty Ltd respectively.

8

The Administrators have conducted preliminary investigations into the Solvency of the Companies and considered potential actions available to a Liquidator if appointed. Based on the preliminary investigations, the Administrators consider certain transactions may be recoverable as preferential payments, uncommercial transactions, unreasonable director related transactions or creditor defeating dispositions. Should the Company be placed into liquidation, further investigations would be required in order to determine the quantum and commerciality of pursuing potential recovery of these transactions. At this stage, it is impossible to provide a range of returns available, if any.

9

- Administrators' estimated remuneration for the Voluntary Administration period.

- Legal fees are an estimate based on potential cost to pursue voidable transactions and for any work required in collection of assets such as debtors or investments.

- Estimated Liquidators' remuneration is dependent on the level of work required to wind down the affairs of the relevant Company and pursue voidable transactions and insolvent trading claims.

Current balance of amortising secured notes.

10

Estimate based on the Group's records and proofs of debts submitted. Proofs of debt have not been adjudicated and hence there may be claims included which are invalid.

11

20. Appendix 10 – Creditor Information Sheet

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.

Specific questions about the voluntary administration should be directed to the voluntary administrator's office

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.**



ASIC
Australian Securities &
Investments Commission

Voluntary administration: A guide for creditors

This information sheet (INFO 74) provides information for unsecured creditors of companies in voluntary administration.

It covers:

- who is a creditor?
- the purpose of voluntary administration
- the voluntary administrator's role
- effect of appointment
- voluntary administrator's liability
- creditors' meetings
- voting at a creditors' meeting
- company returned to directors
- liquidation
- deed of company arrangement
- approval of administrator's fees
- proposals to creditors without a meeting
- committee of inspection
- directors and voluntary administration
- other creditor rights
- questions and complaints

Who is a creditor?

You are a creditor if the company owes you money. You may be owed money because you:

- supplied goods or services to the company
- made loans to the company
- paid for goods or services that you have not received
- are an employee owed money for unpaid wages and other entitlements

A 'contingent creditor' is owed money by the company if a certain event occurs (e.g. if they succeed in a legal claim against the company).

Creditors might be secured or unsecured:

- A **secured creditor** holds a security interest, such as a mortgage, in some or all the company's assets, to secure a debt owed by the company. Lenders usually require a security interest in company assets when they provide a loan. If the creditor wants to ensure their security interest over personal property other than land is enforceable and given priority in an insolvency, they should register the security on the Personal Property Securities Register (PPSR). You can search the PPSR to find out if anyone holds a security interest (other than a mortgage over land) in the company's assets.
- An **unsecured creditor** does not hold a security interest in the company's assets.

Employees are a special category or class of unsecured creditors. Their outstanding entitlements are usually paid before the claims of other unsecured creditors. For more information, see [Information Sheet 75 Voluntary administration A guide for employees](#) (INFO 75).

All references in this information sheet to 'creditors' are to unsecured creditors unless otherwise stated.

The purpose of voluntary administration

Voluntary administration is designed to resolve a company's future. see [Table 1](#). An independent registered liquidator (the voluntary administrator) takes full control of the company. This allows the director or a third-party time to find a way, if possible, to save the company or its business.

If it is not possible for the director or a third-party to come up with a plan to save the company or its business, the voluntary administrator aims to administer the company's affairs to obtain a better return (payment) to creditors than if the company had been immediately wound up (closed down). A mechanism for achieving these aims is a deed of company arrangement (DOCA).

A DOCA is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with. It is agreed to after the company enters voluntary administration. The DOCA is generally proposed by the director or any third-party, usually in consultation with the voluntary administrator, and is administered by a deed administrator (usually the registered liquidator who was the voluntary administrator).

A company's director(s) usually appoint/s a voluntary administrator after they determine the company is insolvent or likely to become insolvent. Less commonly, a liquidator, provisional liquidator, or [secured creditor](#) may appoint a voluntary administrator.

Table 1: The voluntary administration process

Step	What happens
Appointment of voluntary administrator	A voluntary administrator can be appointed by: - the directors (by resolution of the board and in writing) - a secured creditor (with a security interest in all or substantially all of the company's property) - a liquidator (or provisional liquidator). Voluntary administration begins on the appointment of the voluntary administrator.
First meeting of creditors	The voluntary administrator must hold the first meeting of creditors within eight business days of being appointed, unless the court allows an extension of time. At least five business days' notice of the meeting must be given to creditors. Creditors can vote at the meeting to: - replace the administrator, and/or - form a committee of inspection.
Voluntary administrator's investigation and report	The voluntary administrator must investigate the company's affairs and report to creditors on the alternative options available to the company (see below options).

Step	What happens
Second meeting of creditors – meeting to decide company's future	The voluntary administrator must hold the meeting to decide the company's future within 25 business days of being appointed (or 30 business days if the appointment is around Christmas or Easter), unless the court allows an extension of time. At least five business days' notice of the meeting must be given to creditors. Creditors can decide at this meeting to: • return the company to the directors' control • accept a DOCA (the deed must be signed by the company within 15 business days following the meeting, unless the court allows an extension of time), or • put the company into liquidation (this happens immediately and the administrator usually becomes the liquidator).

A company in voluntary administration may also be in receivership. For more information, see [Information Sheet 54 Receivership: A guide for creditors](#) (INFO 54).

The voluntary administrator's role

After taking control of the company, the voluntary administrator investigates and reports to creditors about the company's business, property, affairs and financial circumstances. They also report on the following three options available to creditors (including employees):

- end the voluntary administration and return the company to the directors' control
- approve a DOCA through which the company will pay all or part of its debts and then be free of those debts
- wind up the company and appoint a liquidator.

The voluntary administrator must give an opinion on each option, including an opinion on any DOCA proposal, and recommend which option is in the best interests of creditors.

In doing so, the voluntary administrator tries to:

- determine possible solutions to the company's problems
- assess any proposals put forward for the company's future
- compare the possible outcomes of any proposals with the likely outcome in a liquidation.

A creditors' meeting is held about five weeks after the company goes into voluntary administration to decide the company's future. In complex administrations, this meeting may be held later if the court orders.

The voluntary administrator has all the powers of the company and its directors, including the power to sell or close the company's business – or sell individual assets – in the lead up to creditors deciding the company's future.

The voluntary administrator is also responsible for reporting to ASIC possible offences by people involved with the company.

At the end of the administration, the voluntary administrator must lodge a detailed account of receipts and payments (known as the 'end of administration return') with ASIC. A copy of this account of receipts and payments may be obtained by searching [ASIC Connect](#) for a fee.

Although the voluntary administrator may be appointed by the directors, they must act fairly and impartially.

Effect of appointment

The effect of the appointment of a voluntary administrator is to provide the company with breathing space while the company's future is resolved. While the company is in voluntary administration,

- unsecured creditors cannot begin, continue or enforce their claims against the company without the administrator's consent or the court's permission
- owners of property (other than perishable property) used or occupied by the company, or people who lease such property to the company, cannot recover their property
- except in limited circumstances, secured creditors cannot enforce their security interest in the company's assets
- creditors or other eligible parties cannot commence a court application to put the company in liquidation
- a creditor holding a personal guarantee from the company's director or other person cannot act under the personal guarantee without the court's consent.

Voluntary administrator's liability

If the voluntary administrator incurs debts for the purchase of goods or services, hiring, leasing, using or occupying property during the administration, under the administrator's authority, they are paid from the available assets of the company as costs of the voluntary administration. The administrator is personally liable to pay these costs, or any shortfall if there are insufficient funds available from company asset sales.

To have the benefit of this protection as a provider of goods or services to a company in voluntary administration, you should ensure you receive a purchase order authorised in the manner advised by the administrator.

The voluntary administrator must decide whether to continue to use or occupy property owned by another party held or occupied by the company at the time of their appointment.

Within five business days after their appointment, the voluntary administrator must notify the owner of property whether they intend to continue to occupy or use the property and, if they do not intend to continue to occupy or use the property, the location of that property (if known). If the voluntary administrator decides to continue to occupy or use the property, they will be personally liable for any rent or amounts payable that arise after the end of the five business days.

Creditors' meetings

Two creditor meetings must be held during the voluntary administration.

First creditors' meeting

The voluntary administrator must hold the first creditors' meeting within eight business days after the voluntary administration begins.

At least five business days before the meeting, the voluntary administrator must notify as many creditors as practical in writing (provide a notice of meeting) and advertise the meeting. The advertisement must appear on ASIC's Published notices website.

The voluntary administrator must also send to creditors declarations about any relationships they may have or indemnities they have been given. This declaration will allow creditors to consider the voluntary administrator's independence and make an informed decision about whether to replace them with another voluntary administrator of the creditors' choice.

The purpose of the first meeting is for creditors to decide whether they want:

- to form a committee of inspection, and, if so, who will be on the committee
- the existing voluntary administrator to be removed and replaced by a voluntary administrator of their choice.

A committee of inspection may be formed to assist and advise the voluntary administrator. The committee of inspection also monitors the conduct of the voluntary administration, may approve certain steps in the administration and may give directions to the voluntary administrator. The voluntary administrator must have regard to the directions but is not always required to comply with them.

A creditor who wishes to nominate an alternative voluntary administrator at the first meeting must approach a registered liquidator before the meeting and obtain written consent that they would be prepared to act as voluntary administrator. The proposed alternative administrator should give to those attending the meeting declarations about any relationships they may have or indemnities they have been given. The voluntary administrator will only be replaced if the resolution to replace them is passed by the creditors at the meeting.

To be eligible to vote at this meeting, you must lodge details of your debt or claim with the voluntary administrator.

This meeting can be chaired by either the voluntary administrator or any other person nominated in writing by the administrator.

Second creditors' meeting (to decide the company's future)

After investigating the company's affairs and forming an opinion on each of the three options available to creditors, the administrator must provide an opinion on which option is in the best interests of creditors. The administrator must then call a second creditors' meeting. At this meeting, creditors are given the opportunity to decide the company's future.

This meeting is usually held about five weeks after the company goes into voluntary administration (six weeks if the appointment is around Christmas or Easter).

In complex voluntary administrations, more time is sometimes needed for the voluntary administrator to report to creditors. In these circumstances, the court can grant an extension of time to hold the meeting.

The voluntary administrator must chair this meeting.

At least five business days before the meeting, the voluntary administrator must send creditors:

- a notice of meeting
- the voluntary administrator's report
- the voluntary administrator's statement

These will be accompanied by:

- a claim form (usually a 'proof of debt' form)
- a proxy voting form.

The meeting must also be advertised on ASIC's Published notices website.

Either or both the first and second creditors' meeting may be held using telephone, videoconferencing or web-based meeting facilities.

Voluntary administrator's report

This report must give enough information to explain the company's business, property, affairs and financial circumstances. The report should allow you to make an informed decision about the company's future.

The report should also provide an analysis of any proposals for the future of the company, including the possible outcomes, as well as a comparable estimate of what would be available for creditors in a liquidation.

You should read the voluntary administrator's report before you attend the second meeting or decide to appoint someone else to vote on your behalf at that meeting.

Voluntary administrator's statement

The voluntary administrator's statement must include the voluntary administrator's opinion, with reasons, on each of the options available to creditors, as well as an opinion on which option the voluntary administrator believes is in the best interests of creditors. The options are:

- end the voluntary administration and return the company to the directors
- approve a DOCA (if one is proposed)

- wind up the company and appoint a liquidator.

The voluntary administrator's statement must also include other information known to the voluntary administrator that will allow you to make an informed decision about each of the options above.

The statement must also advise whether there are any voidable transactions where money or property may be recoverable by a liquidator, if one were appointed. Voidable transactions include unfair preferences (certain creditors have been paid in preference to other creditors), unfair loans, insolvent trading and creditor-defeating dispositions including illegal phoenix activity.

If the director or other third parties provide proposals for a DOCA, the voluntary administrator must provide creditors with a statement giving enough detail about each proposal to enable creditors to make an informed decision. The types of proposals allowed in a DOCA are very flexible.

Typically, a DOCA proposal will provide for the company to pay all or part of its debts, possibly over time, and then be free of those debts. It will often provide for the company to continue trading. How these things will happen varies from case to case because the terms allowed in a DOCA are also very flexible.

You should insist on being provided with as much information about the terms of the proposed DOCA as possible before the creditors' meeting. The minimum contents of a DOCA provide a guide on the information you might request if it has not already been provided.

Contact the voluntary administrator before the meeting if you believe the voluntary administrator's report or statement does not contain sufficient information to allow you to decide the company's future.

Voting at a creditors' meeting

To vote at any creditors' meeting you must lodge details of your debt or claim with the voluntary administrator. Usually, the voluntary administrator will provide you with a form called a 'proof of debt' to complete and return before the meeting.

The chairperson of the meeting decides whether to accept the debt or claim for voting purposes. The chairperson may decide a creditor does not have a valid claim. In this case, they may not allow the creditor to vote. If the chairperson is not sure whether to accept the debt or claim, they must mark the vote as 'objected to' and allow the creditor to vote subject to the vote being declared invalid if the objection is sustained. This decision is only for voting purposes. It is not relevant to whether a creditor will receive a dividend (payment of their claim).

You can appeal to the court within 10 business days after the chairperson decides to accept or reject a proof of debt or claim for voting purposes.

A secured creditor can vote for the full amount of their debt without having to deduct the value of their security interest.

Voting by proxy

You can appoint an individual as proxy to attend and vote at a meeting on your behalf. Creditors who are companies will have to nominate a person as proxy so they can participate in the meeting. You do this by completing a proxy form sent out with the notice of meeting. You must provide the completed proxy form to the voluntary administrator before the meeting.

An electronic proxy form may be used if the liquidator allows electronic lodgement.

A 'special proxy' is used when you specify on the proxy form how the proxy is to vote on specified resolutions (the actual resolution wording is on the form). The proxy holder must vote in accordance with that instruction and cannot change the voting at the meeting. Further, the resolution specified in the form is the one you are voting on and if a different resolution is proposed (or the resolution is changed) then your special proxy vote should not be counted because you have not indicated how you will vote on that changed or different resolution. A 'general proxy' is used when you leave it to the proxy holder to decide how to vote on each resolution.

You can appoint the chairperson to represent you through either a special or general proxy. The voluntary administrator or one of their partners or employees must not use a general proxy to vote in favour of a resolution approving payment of

the voluntary administrator's fees.

Manner of voting

To vote on any resolution put to a creditors' meeting, creditors state aloud their agreement or disagreement, or a poll is taken.

If voting is on the voices, the resolution is passed if a majority present indicate agreement. It is up to the chairperson to decide if a majority is reached.

After the vote, the chairperson must tell those present whether the resolution passed or failed. If the chairperson cannot determine the outcome of a resolution on the voices, they may conduct a poll.

A person participating and entitled to vote can also demand a poll. If a poll is demanded, it must be taken immediately, and the chairperson determines how to take this poll.

If you intend to demand a poll, you must do so before, or as soon as, the chairperson has declared the result of a vote on the voices.

When a poll is taken, a resolution is passed if *both*

- more than half the number of creditors who are voting (in person or by proxy) vote in favour of the resolution
- those creditors owed more than half of the total debt owed to creditors at the meeting vote in favour of the resolution.

This is referred to as a 'majority in number and value'. If a majority in both number and value is not reached under a poll (deadlock), the chairperson has a casting vote.

Chairperson's casting vote

When there is a deadlock, the chairperson may use their casting vote (except for resolutions to approve their remuneration) either in favour of or against the resolution. If the resolution relates to the liquidator's removal, the chairperson may only exercise the casting vote in favour of their removal. The chairperson may also decide not to use their casting vote, and then the deadlocked resolution is not passed.

The chairperson must inform the meeting (and include in the written minutes of meeting lodged with ASIC) the reasons why they did or did not to use their casting vote.

If you are dissatisfied with how the chairperson exercised their casting vote or failed to use their casting vote, you may, in specified circumstances, apply to the court for a review of the chairperson's decision. The court may vary or set aside the resolution or order the resolution is taken to have been passed.

Votes of related creditors

If directors and shareholders, their spouses, relatives and other entities controlled by them are creditors of the company, they are entitled to attend and vote at creditors' meetings, including the meeting to decide the company's future.

If a resolution is passed or defeated based on related creditor votes and you are dissatisfied with the outcome, you may, in specified circumstances, apply to the court for the resolution to be set aside and/or for a fresh resolution to be voted on without related creditor votes. Certain criteria must be met before the court will make such an order (e.g. the original result of the vote is against the interests of all or a class of creditors).

Deciding how to vote at the second meeting

How you vote at the meeting on the three possible options, as well as any competing proposals for a DOCA, is a commercial decision based on your assessment of the company and its future prospects, and your personal circumstances. The information provided by the voluntary administrator, including opinions expressed, will assist you. However, you are not obliged to accept the administrator's recommendation.

If you do not consider you have been given enough information to decide how to vote, and particularly whether to vote for any DOCA proposal, you can ask for a resolution to be put to creditors that the meeting be adjourned (up to a maximum

of 45 business days) and for the administrator to provide more information. You must make this request before a vote on the company's future. This resolution must be passed for the adjournment to take place.

Creditors also have the right, when a DOCA is proposed and considered at the meeting, to negotiate specific requirements into the terms of the DOCA (e.g. how the deed administrator is to report to creditors on the progress of the DOCA).

Any request to vary the DOCA proposal to include such requirements should be made before the vote takes place.

Minutes of meeting

The chairperson must prepare minutes of each meeting and a record of those who were present at each meeting.

The minutes must be lodged with ASIC within 10 business days of the meeting. A copy of the minutes of meeting may be obtained by searching [ASIC Connect](#) for a fee.

Company returned to directors

Rarely, creditors will resolve to return the company to its directors. If the company is returned to the directors, the directors are responsible for ensuring the company pays its outstanding debts as they fall due.

Liquidation

If creditors resolve the company go into liquidation, the voluntary administrator becomes the liquidator, unless creditors vote at the second meeting to appoint a different liquidator of their choice. The liquidation is a creditors' voluntary liquidation with any payments of dividends to creditors made in the order set out in the Corporations Act 2001 (Corporations Act). For more information, see [Information Sheet 45 Liquidation: A guide for creditors](#) (INFO 45).

Deed of company arrangement

If creditors vote that the company enter a DOCA, the company must sign the deed within 15 business days of the creditors' meeting, unless the court allows a longer time. If this does not happen, the company will automatically go into liquidation, with the voluntary administrator becoming the liquidator.

The DOCA binds all unsecured creditors, even if they voted against the proposal. It also binds owners of property, those who lease property to the company and secured creditors, if they voted in favour of the DOCA. In certain circumstances, the court can also order that these people are bound by the deed even if they did not vote for it. The DOCA does not prevent a creditor who holds a personal guarantee from the company's director or another person acting under the personal guarantee to be repaid their debt.

Contents of the deed

Whatever the nature of the DOCA, it must contain certain information, including the:

- name of the deed administrator
- property that will be used to pay creditors
- debts covered by the DOCA and the extent to which those debts are released
- order in which the available funds will be paid to creditors (the DOCA must ensure that employees have a priority in payment of outstanding employee entitlements unless eligible employees agree by a majority in both number and value to vary this priority)
- nature and duration of any suspension of rights against the company
- conditions (if any) for the DOCA to come into or continue operation
- circumstances in which the DOCA terminates.

There are also certain terms that will be automatically included in the DOCA, unless the DOCA says they will not apply. These are called the 'prescribed provisions'. They include the powers of the deed administrator, termination of the DOCA and the appointment of a committee of inspection.

The voluntary administrator's report should tell you which prescribed provisions are proposed to be excluded or varied and, if varied, how.

Monitoring the deed

The deed administrator must ensure the company (or others who have made commitments under the DOCA) carries through the commitments. The extent of the deed administrator's ongoing role will be set out in the DOCA.

Creditors can also play a role in monitoring the DOCA. If you are concerned that the company's (or others) obligations under the DOCA are not being met, you should promptly take this up with the deed administrator. Matters that may raise concern include deadlines for payments being missed or other actions promised under the DOCA not occurring.

Creditors have the right when a DOCA is proposed and considered at the second meeting to negotiate consequences of failure to meet deadlines into the terms of the DOCA. Any request to vary the DOCA proposal to include consequences should be made before a vote for the DOCA proposal occurs.

A director must notify the deed administrator if they become aware there has been, or is likely to be, a material contravention of the DOCA. In addition, the deed administrator must give notice to creditors as soon as practicable after becoming aware of a material contravention, or likely material contravention, of the DOCA.

A deed administrator must lodge with ASIC a detailed list of their receipts and payments (known as the annual administration return) annually on the anniversary of their appointment and at the end of their administration. A copy of the receipts and payments may be obtained by searching [ASIC Connect](#) for a fee.

Varying the deed

The deed administrator can call a creditors' meeting at any time to consider a proposed variation to the DOCA. The proposed resolutions must be set out in the notice of meeting sent to creditors.

The deed administrator must also call a meeting to consider a resolution to vary the DOCA if:

- the committee of inspection requests it (where there is a committee of inspection)
- creditors pass a resolution requiring the deed administrator call a meeting
- at least 25% in value of creditors request the deed administrator in writing to do so
- less than 25% but more than 10% in value of creditors ask the deed administrator in writing to do so and they pay for the cost of holding the meeting.

If the request to call a meeting is not reasonable, the deed administrator does not have to comply, but they must notify the person or body who made the request and set out reasons why.

The deed administrator may still convene a meeting to consider varying the DOCA if the person or body who made the request agrees (at the deed administrator's request) to pay the costs of calling and holding the meeting.

Payment of dividends under a deed

The order in which creditor claims are paid depends on the terms of the DOCA. Sometimes the DOCA proposal is for creditor claims to be paid in the same order as in a liquidation. Other times, a different order is proposed.

The DOCA must ensure employee entitlements are paid before (in priority to) other unsecured creditors unless eligible employees agreed to vary the order.

Before you decide how to vote at the creditors' meeting, make sure you understand how the DOCA will affect the order of payment of your debt or claim.

You may wish to seek independent legal advice if the DOCA proposes a different order to that in a liquidation, or if creditors approve such a DOCA.

Establishing your claim under a deed

How debts or claims are dealt with under a DOCA depends on the DOCA's terms. Sometimes the DOCA incorporates the Corporations Act provisions for dealing with debts or claims in a liquidation.

Before any dividend is paid to you for your debt or claim, you will need to give the deed administrator information to prove your debt. You may need to complete a 'proof of debt' form. You should attach copies of all relevant invoices or other supporting documents to the claim form because your debt or claim may be rejected if there is insufficient evidence to support it.

If a creditor is a company, the claim form should be signed by a person authorised by the company.

When you submit your claim, ask the deed administrator to acknowledge receipt of your claim and ask if they require any further information.

If the deed administrator rejects your claim, follow the steps outlined in the notice of rejection and/or seek competent legal advice on your options to appeal the decision to reject your claim. Depending on the terms of the DOCA, you may have a limited time to take legal action to challenge the decision.

Contact the deed administrator if you have questions about the calculation of your claim or the timing of the payment.

How a deed comes to an end

A DOCA may end when:

- the obligations under the DOCA have been fulfilled and creditors have been paid
- the DOCA automatically terminates following certain conditions being met (as set out in the DOCA). In this case, the DOCA may provide that the company will go into liquidation because the conditions have been met
- the deed administrator calls a meeting of creditors (on their own initiative or at the direction of creditors or the committee of inspection if one has been formed), and creditors vote to end the DOCA. This may occur because there has been a breach of the DOCA or it is unlikely the terms of the DOCA can be fulfilled. At this time, creditors may be asked to vote to put the company into liquidation, or
- the DOCA is terminated because a creditor, the company, ASIC or any other interested person applies to the court and the court is satisfied that:
 - creditors were provided false and misleading information when the decision to accept the DOCA proposal was made
 - the voluntary administrator's report left out information material to the decision to accept the DOCA proposal
 - the DOCA cannot proceed without undue delay or injustice
 - the DOCA is unfair or discriminatory to the interests of one or more creditors or against the interests of all creditors.

If the court terminates the DOCA as a result of such an application, the company automatically goes into liquidation.

Approval of administrator's fees

Both a voluntary administrator and deed administrator are entitled to be paid for the necessary work they properly perform. Generally, their fees will be paid from available assets before any payments are made to creditors. If there are no – or only limited – assets the administrator is sometimes not paid (or only partially paid) for the work they do. They may arrange for a third party to contribute to their fees.

An administrator/deed administrator is also entitled to ask for approval to pay their estimated future fees (for work yet to be done). This is usually requested to allow them to continue doing work up to a certain point in time (e.g. to achieve a particular outcome) or to the completion of the administration/deed administration.

The fees cannot be paid until the amount has been approved by creditors, a committee of inspection or the court. Creditors, the voluntary administrator or deed administrator, or ASIC can ask the court to review the amount of fees approved. The voluntary administrator or deed administrator can also put a proposal to creditors to approve their fees without holding a meeting.

If you are asked to approve fees at a general meeting of creditors or at a meeting of a committee of inspection, the voluntary administrator or deed administrator must give you a report with sufficient information to help you assess

whether the requested fees are reasonable. This should be given to you at the same time as the notice of the meeting or with the proposal. This report should be in simple language and set out:

- a summary of the major tasks performed or likely to be performed
- the costs of completing those tasks and how they were calculated
- the periods when funds will be drawn to pay the fees
- the estimated total fees or range of fees
- an explanation of the likely impact the fees will have on any payments to creditors
- other information that will assist you to determine whether the fees claimed are reasonable.

If you are in any doubt about how the fees were calculated, ask the voluntary administrator or deed administrator for more information.

If you do not think the fees are reasonable, raise your concerns with the voluntary administrator or deed administrator.

Apart from fees, the voluntary administrator and deed administrator are entitled to reimbursement for out-of-pocket expenses. This reimbursement may require creditor, committee of inspection or court approval.

For further information, see [Information Sheet 85 Approving fees: A guide for creditors](#) (INFO 85).

Proposals to creditors without a meeting

Instead of convening a creditors' meeting, the voluntary administrator or deed administrator can put proposals to creditors by giving notice in writing.

This notice must be given to each creditor entitled to receive notice of a meeting and:

- include a statement of the reasons for the proposal and likely impact the proposal will have on creditors
- invite the creditor to either:
 - vote 'yes' or 'no' for the proposal
 - object to the proposal without a meeting
- specify a reasonable time for the administrator to receive creditor replies.

To vote on the proposal, you must lodge details of your debt or claim with the administrator and complete the provided voting documents.

You can vote 'yes' or 'no' on the proposal and/or object to the proposal without a creditors' meeting. You should return your response to the administrator within the time specified in the notice, which must be at least 15 business days after notice is given to creditors.

A resolution is passed if the majority of creditors in number and value who responded to the notice voted 'yes' and if 25% or less in value of the creditors who responded objected to the proposal being resolved without a creditors' meeting.

The administrator should provide enough information to allow creditors to make an informed decision. Contact the administrator if you need further information to help you decide.

If the proposal without a meeting relates to the approval of remuneration, the voluntary administrator or deed administrator must provide you with the same information as if a meeting had been called.

The administrator must lodge with ASIC a statement about the outcome of the proposal. A copy of the outcome of the proposal may be obtained by searching [ASIC Connect](#) for a fee.

Committee of inspection

A committee of inspection may be formed to assist and advise the voluntary administrator or deed administrator. The committee of inspection also:

- monitors the conduct of the voluntary administrator or deed administrator

- may approve certain steps in the voluntary administration or deed administration
- may give directions to the voluntary administrator or deed administrator

The voluntary administrator or deed administrator must have regard to the directions but is not always required to comply with them.

In a voluntary administration, the committee may be formed at the first creditors' meeting.

All creditors are entitled to stand for committee membership. Members appointed to the committee of inspection represent the interests of all creditors.

If a creditor is a company, the creditor can nominate, in writing, an individual to represent it on the committee.

A person can be appointed as a member of the committee of inspection by:

- resolution of creditors
- a creditor or group of creditors owed at least 10% of the value of creditors' claims
- an employee or group of employees owed at least 50% in value of outstanding employee entitlements.

A member of the committee of inspection must not directly or indirectly derive any profit or advantage from the administration of the company unless creditors resolve to allow it or a court grants leave to derive the profit or advantage. Deriving a profit or advantage can arise during ongoing trading with the company after the liquidator is appointed.

A committee of inspection has various powers and functions, including to:

- approve the voluntary administrator's or deed administrator's remuneration
- direct the voluntary administrator or deed administrator to convene a creditors' meeting
- request the voluntary administrator or deed administrator to give information, provide a report or produce a document
- obtain specialist advice or assistance (with the prior approval of the voluntary administrator, deed administrator or the court) that the committee considers desirable about the conduct of the voluntary administration or the deed administration.

If the request to convene a meeting or provide information is not reasonable, the voluntary administrator or deed administrator is not required to comply with the request.

A committee of inspection can determine its own procedures and exercises its powers through resolutions passed at meetings of the committee. A resolution is passed by a majority in number of its members present at a meeting. The committee of inspection can only act if a majority of its members attend.

Minutes of meetings of the committee of inspection must be prepared and lodged with ASIC. A copy of the minutes of the committee of inspection meetings may be obtained by searching [ASIC Connect](#) for a fee.

ASIC is entitled to attend a meeting of the committee of inspection.

Directors and voluntary administration

Directors cannot use their powers while the company is in voluntary administration. They must help the voluntary administrator by providing the company's books and records, a [Report on Company Activities and Property](#) and providing any further information about these that the voluntary administrator reasonably requires.

If the company goes from voluntary administration into a DOCA, the directors' powers depend on the DOCA's terms. When the DOCA is completed, the directors regain full control of the company, unless the DOCA provides for the company to go into liquidation on completion.

If the company goes from voluntary administration or a DOCA into liquidation, the directors cannot use their powers. If creditors resolve that the voluntary administration should end, control of the company goes back to the directors.

Other creditor rights

Request for information

Creditors can, by resolution or individually, request the voluntary administrator or deed administrator to give information, provide a report or produce a document.

The voluntary administrator or deed administrator must comply with this request unless:

- the information, report or document is not relevant to the administration
- the voluntary administrator or deed administrator would breach their duties if they complied with the request
- it is not reasonable to comply with the request.

There are rules governing when a direction is not reasonable, including if the voluntary administrator or deed administrator, acting in good faith, thinks that:

- complying with the request would substantially prejudice the interests of one or more creditors or a third party, and that the prejudice outweighs the benefits of complying with the request
- the information would otherwise be privileged from production in legal proceedings
- there is not enough money to cover the costs incurred to comply with the request.

If the direction is not reasonable, the voluntary administrator or deed administrator must notify the requesting party and set out reasons why the request is not reasonable.

If the requesting party agrees to pay the costs of providing the information and security for those costs (if the voluntary administrator or deed administrator requires it), the voluntary administrator or deed administrator must comply with the request.

Appoint a reviewing liquidator

Creditors can resolve to appoint a reviewing liquidator to carry out a review into fees and/or costs incurred by the voluntary administrator or deed administrator. With the voluntary administrator or deed administrator's agreement, one or more creditors may also appoint a reviewing liquidator.

A creditor can also apply for ASIC to appoint a reviewing liquidator: see [Form 5605 Application for ASIC to appoint a reviewing liquidator](#).

Where creditors resolve to appoint a reviewing liquidator, the review is limited to:

- remuneration approved within the six months before the reviewing liquidator is appointed
- costs or expenses incurred during the 12 months before the reviewing liquidator is appointed (unless the voluntary administrator or deed administrator agrees to a longer period).

The reviewing liquidator must be a registered liquidator. A creditor who wishes to appoint a reviewing liquidator must approach a registered liquidator to get written consent that they would be prepared to act as reviewing liquidator. The person must also make a written [declaration about any relationships](#) they or their firm have that might affect their independence to act as reviewing liquidator.

The voluntary administrator or deed administrator, and their staff, must cooperate with the reviewing liquidator.

If creditors pass a resolution to appoint a reviewing liquidator, the reviewing liquidator's costs form part of the expenses of the [external administration](#). If one or more creditors appoint the reviewing liquidator with the consent of the voluntary administrator or deed administrator without passing a resolution, the reviewing liquidator's costs are borne by the creditor(s) who appoint the reviewing liquidator.

Questions and complaints

Contact the voluntary administrator or deed administrator to raise questions or complaints. If this fails to resolve your concerns, including any concerns about their conduct, you can [lodge a report of misconduct with ASIC](#). Reports of misconduct against companies and their officers can also be made to ASIC.

Lodging your report of misconduct online ensures we can quickly respond to your concerns.

ASIC does not usually become involved in matters of a voluntary administrator's or deed administrator's commercial judgement.

More information

- › [Information Sheet 39](#) *Insolvency information for directors, employees, creditors and shareholders* (INFO 39)
- › [Australian Restructuring Insolvency & Turnaround Association \(ARITA\) website](#)
- › [ARITA Code of Professional Practice for Insolvency Practitioners](#)

Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice.

You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases your particular circumstances must be taken into account when determining how the law applies to you.

This is **Information Sheet 74 (INFO 74)**, reissued in August 2020.

Last updated 30/03/2021 09:23

21. Appendix 11 – DIRRI

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

PRIVIUM COMPANIES (ALL ADMINISTRATORS APPOINTED) ("THE COMPANIES")

(SEE ATTACHED LIST OF COMPANIES)

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 Companies 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, as detailed in **Annexure B**.

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 Mills Oakley Lawyers, who are lawyers for the Company.

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

- Mills Oakley Lawyers refers work to FTI Consulting from time to time. Neither the Administrators nor FTI Consulting have any formal or informal referral arrangements with Mills Oakley Lawyers and to our knowledge they do not exclusively refer such work to us or FTI Consulting.
- FTI Consulting is not reliant upon referrals from Mills Oakley Lawyers, who are one of a considerable number of firms, organisations and persons who refer work to, or seek advice from,

FTI Consulting. This engagement is not financially significant to FTI Consulting and the receiving or otherwise of other referrals from Mills Oakley Lawyers is not material to FTI Consulting.

- Work referrals arising from networks of business professionals, advisors and other persons are normal and accepted arrangements, and do not inherently impact on us discharging our statutory duties and obligations with independence and impartiality.
- There is no expectation, agreement or understanding between the Administrators and the referrer 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.
- While FTI Consulting has in the past engaged Mills Oakley Lawyers to provide legal advice, this has been for separate, non-related insolvency/restructuring engagements. Mills Oakley Lawyers is one of many external firms who provide such advice and assistance to FTI Consulting from time to time, which is on a non-exclusive basis and based upon professional service and expertise.

Did we meet with the Companies, the director or their advisers before we were appointed?

☒ Yes ☐ No

We had the following three (3) meetings with director and its advisors between 8 November 2021 and 16 November 2021:

- On 8 November 2021, John Park was approached by Mills Oakley Lawyers to meet with Robert Harder and Neil Wormwell to discuss the financial position of the Companies and options available to the director.
- Between 8 November 2021 and 16 November 2021 financial information was obtained from the Companies to assess the financial position.
- On 15 November 2021, John Park, Joanne Dunn and Kelly Anne Trenfield had a meeting with the director of the Companies, Robert Harder, and the Companies solicitor from Mills Oakley Lawyers, Ashley Tiplady, to discuss the possible external administrations and review the Companies' financial positions for planning purposes.

We received no remuneration for this advice.

In our opinion, this meeting does not affect our independence for the following reasons:

- The Courts and relevant professional bodies recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment.
- The nature of the advice provided to the Companies 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 director in his capacity as director of the Companies, or in relation to his personal circumstances.
- The pre-appointment advice will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the appointment as Administrators of the Companies in an objective and impartial manner.

We have provided no other information or advice to the Companies, director and its advisors prior to our appointment beyond that outlined in this DIRRI.

Declaration of Relationships

Within the previous 2 years we or our firm have had a relationship with:

	☒ Yes	☐ No
The Companies	As detailed above, there was a meeting prior our appointment as Administrators with the directors of the Companies.	
The director	☐ Yes	☒ No
	☒ Yes	☐ No
Any associates of the Companies?	- We are also appointed as Voluntary Administrator of various companies in the Privium Group as detailed in Annexure A. We have obligations in respect of each of the companies individually (as defined in Section 435A of the Corporations Act 2001) and not to the Privium Group as a whole. As such, it is acknowledged that potential conflicts could possibly arise in the course of carrying out our duties in respect of each company in the Privium Group. - We are of the view that the appointment to the various Companies will have significant benefits to the conduct of the Voluntary Administrations, particularly as this will offer cost savings and will facilitate a comprehensive and accurate understanding of the activities and financial position of the Companies as a whole. - We are aware that there are inter-company transactions between the Companies but at this time are not aware of any potential conflicts of interest arising from our appointments over the Companies. If it becomes apparent that pre-appointment dealings between the Companies may give rise to a conflict which may impact the outcome for creditors, we undertake to disclose any such conflicts to the creditors and as appropriate, seek Court directions as to the means of resolving the potential conflict.	
A former insolvency practitioner appointed to the Companies?	☐ Yes	☒ No
A secured creditor entitled to enforce a security over the whole or substantially the whole of the Companies' property?	☒ Yes	☐ No
	Westpac Banking Corporation Limited ("WBC") holds an All Present and After Acquired Property security interest over substantially the whole of property of a number of the Companies. We believe that this relationship does not	

result in a conflict of interest or duty because we have not undertaken any work for WBC in respect of the Companies, all previous engagements with WBC were unrelated to this engagement, and we are not paid any commissions, inducements or benefits by WBC to undertake engagements and are not bound or obligated to deliver a favorable outcome to any party.

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 we may be entitled to under the law.

Dated 18 November 2021



Kelly-Anne Tregfield



Joanne Dunn



John Park

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

PRIVIUM COMPANIES (ALL ADMINISTRATORS APPOINTED)

Company	Formerly	ACN
Privium Group Pty Ltd	Privium Pty Ltd; Impact Group Pty Ltd	100 923 297
Privium Pty Ltd	Privium Homes Pty Ltd; Impact Homes Pty Ltd	085 773 931
Privium Civil Pty Ltd	Impact Civil Pty Ltd	600 354 701
Privium Investments Pty Ltd	Impact Investments Pty Ltd	145 575 168
Impact Land Pty Ltd	n/a	144 048 993
Impact Specs Pty Ltd	n/a	614 365 258
Privium Assets Pty Ltd	Impact Assets Pty Ltd	145 331 120
Privium Developments Pty Ltd	Impact Developments Pty Ltd	169 024 006
Residences on Bass Pty Ltd	n/a	644 584 172

ANNEXURE B

FTI Consulting (Australia) Pty Ltd and associated entities

FTI Consulting Inc (ultimate holding entity)
FTI Consulting – FD Australia Holdings Pty Ltd
FTI Consulting (Australia) Pty Ltd
FTI Technology (Sydney) Pty Ltd
FTI Consulting (Perth) Pty Ltd
FTI Consulting (Sydney) Pty Ltd
FTI Capital Advisors (Australia) Pty Ltd
FTI Consulting Australia Nominees Pty Ltd

22. Appendix 12 – Remuneration Approval Report