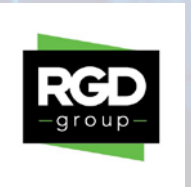


**RGD Group Pty Ltd (Administrators Appointed) ACN 613 325 652
and
RGD Constructions Pty Ltd (Administrators Appointed) ACN 100 177 928
("the Companies")**

Report to Creditors – Pursuant to Section 75-225 of the Insolvency Practice Rules (Corporations) 2016



About this Report: a Guide for Creditors

Voluntary administrators:

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Purpose of this report

- The Administrators are required to prepare this report under the *Corporations Act 2001* ("the Act"). We are required to provide creditors with information about the Companies' business, property, affairs and financial circumstances.
- This report and its attachments contain details about the forthcoming second meeting of creditors to be held on 12 June 2020 and our opinion and recommendation about the future of each Company and what is considered to be in the creditors' interests. Creditors are required to decide whether:
 - the Company should execute a DOCA, or
 - the administration of the Company should end, or
 - the Company should be wound up.

Alternatively, creditors can vote to adjourn the meeting for up to 45 business days to allow more time to make their decision.

Information included

- This report contains the information we are required by law to include, plus other information considered materially relevant to creditors to enable them to make an informed decision about the Companies' future.
- The *Table of Contents* on the following page lists the sections of this report followed by a glossary. Certain other information, including details about our claim for remuneration, is included in appendices.

Key messages and recommendations

- Pages 8 to 10 summarises the items considered to be the most important for creditors, and includes our recommendation to creditors.

Details and forms for the forthcoming creditors' meeting

- All details, forms and instructions relating to the meeting have been included with the covering letter and other documents attached to this report.

Questions and help

- Please contact us if you are unsure about any of the matters raised in this report and the impact that any decision about the Companies' future may have on you.

Table of Contents

1. Glossary and Terms of Reference	4
2. Executive Summary	7
3. Background Information	11
4. Financial Position and Historical Financial Analysis	20
5. Investigations	28
6. Estimated Return to Creditors	34
7. Administrators' Opinion and Recommendation	38
8. Appendix 1 – Company Information	41
9. Appendix 2 – Investigations – Analysis and Information	54
10. Appendix 3 – Creditor Information Sheet	60
11. Appendix 4 – DIRRI	62
12. Appendix 5 – Receipts and Payments	67
13. Appendix 6 – Remuneration Approval Report	69



1. Glossary and Terms of Reference

1. Glossary and Terms of Reference

Term	Definition
Administrators	John Park and Kelly-Anne Trenfield
ALL PAAP	All Present and After-acquired Property
Appointment Date	8 May 2020
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities Investment Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office/Deputy Commissioner of Taxation
‘c’	Circa
Companies	RGD Group Pty Ltd and RGD Constructions Pty Ltd
Director	Ronald Grabbe
DIRRI	Declaration of Independence, Relevant Relationships, and Indemnities
DLP	Defect Liability Period
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
ESOP	Estimated Statement of Position
FBT	Fringe Benefit Tax
FOI	Freedom of Information
FY	Financial Year

Term	Definition
GSA	General Security Agreement
GST	Goods and Services Tax, as applicable in Australia
m	Million
Mgmt	Management Accounts
PC	Practical Completion
PODs	Proof of Debts
PPE	Property, Plant and Equipment
PPSR	Personal Property Securities Register
QBCC	Queensland Building and Construction Commission
QLD	Queensland, Australia
RBA	Running Balance Account
RGDC	RGD Constructions Pty Ltd
RGDG	RGD Group Pty Ltd
ROCAP	Report on Company Activities and Property
the Act	Corporations Act 2001 (Cth)
VA	Voluntary Administration
WIP	Work in Progress
YTD	Year to Date

1. Glossary and Terms of Reference

Terms of reference

- This report has been prepared for the creditors of Companies to assist them in evaluating their position as creditors and in deciding on the Companies' future. None of the Administrators, FTI Consulting and its staff shall assume any responsibility to any third party to which this report is disclosed or otherwise made available.
- This report is based on information obtained from the Companies' records, the Director and management of the Companies and from our own enquiries. While we have no reason to doubt the veracity of information contained in this report, unless otherwise stated we have proceeded on the basis that the information provided and representations made to us are materially accurate, complete and reliable. We have not carried out anything in the nature of an audit, review or compilation.
- This report may contain prospective financial information, including estimated outcomes for creditors, and other forward looking information. As events and circumstances frequently do not occur as expected, there may be material differences between estimated and actual results. We take no responsibility for the achievement of any projected outcomes or events.
- We reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the forthcoming meeting of creditors.
- Creditors should seek their own advice if they are unsure how any matter in this report affects them.



2. Executive Summary

2. Executive Summary

Recommendation on the Companies' future

Our recommendation to creditors

In our opinion it is in the creditors' interests that the Companies be wound up and a Liquidator appointed.

Details about the estimated return to creditors and other information about what creditors can decide at the meeting are provided at **Sections 6 and 7** of this report.

Options available to creditors	Option 1: Execute a DOCA	Option 2: Administration ends	Option 3: Liquidation
Description	Whether it would be in the creditors' interests for the Company to execute a DOCA	Whether it would be in the creditors' interests for the administration to end	Whether it would be in the creditors' interests for the Company to be wound up
Key factors to consider	As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time.	The Company is insolvent with no cash to pay all due debts and no confirmed prospects of obtaining external funding	We have not been provided with a proposal for a DOCA for consideration and it is not appropriate that the administration ends as the Company is insolvent.
Our opinion	Not in the creditors' interests that a Company execute a DOCA.	Not in the creditors' interests that the administration should end	Is in the creditors' interests that the Company be wound up
Recommended option	Not recommended	Not recommended	Recommended
Potential to adjourn the meeting to a future date	- Creditors may wish to adjourn the second meeting for up to 45 business days to allow time for a DOCA proposal to be submitted. - It is a matter for creditors to decide if they wish to adjourn the meeting		

2. Executive Summary

Estimated return and timing

Liquidation of the Companies

Detailed below is a summary of the estimated return and timing of any return in a Liquidation scenario. Further details are provided in **Section 6** of this Report.

Cents in the \$	RGDG		RGDC	
Estimated Return to Creditors	Liquidation Return	Liquidation Return Timing	Liquidation Return	Liquidation Return Timing
Priority creditors	Nil - 100 c/\$	1 - 2 years	Nil	N/A
Secured creditors	Nil - 13.6 c/\$	1 - 2 years	Nil	N/A
Unsecured creditors	Nil	N/A	Nil	N/A

2. Executive Summary

Key messages for creditors

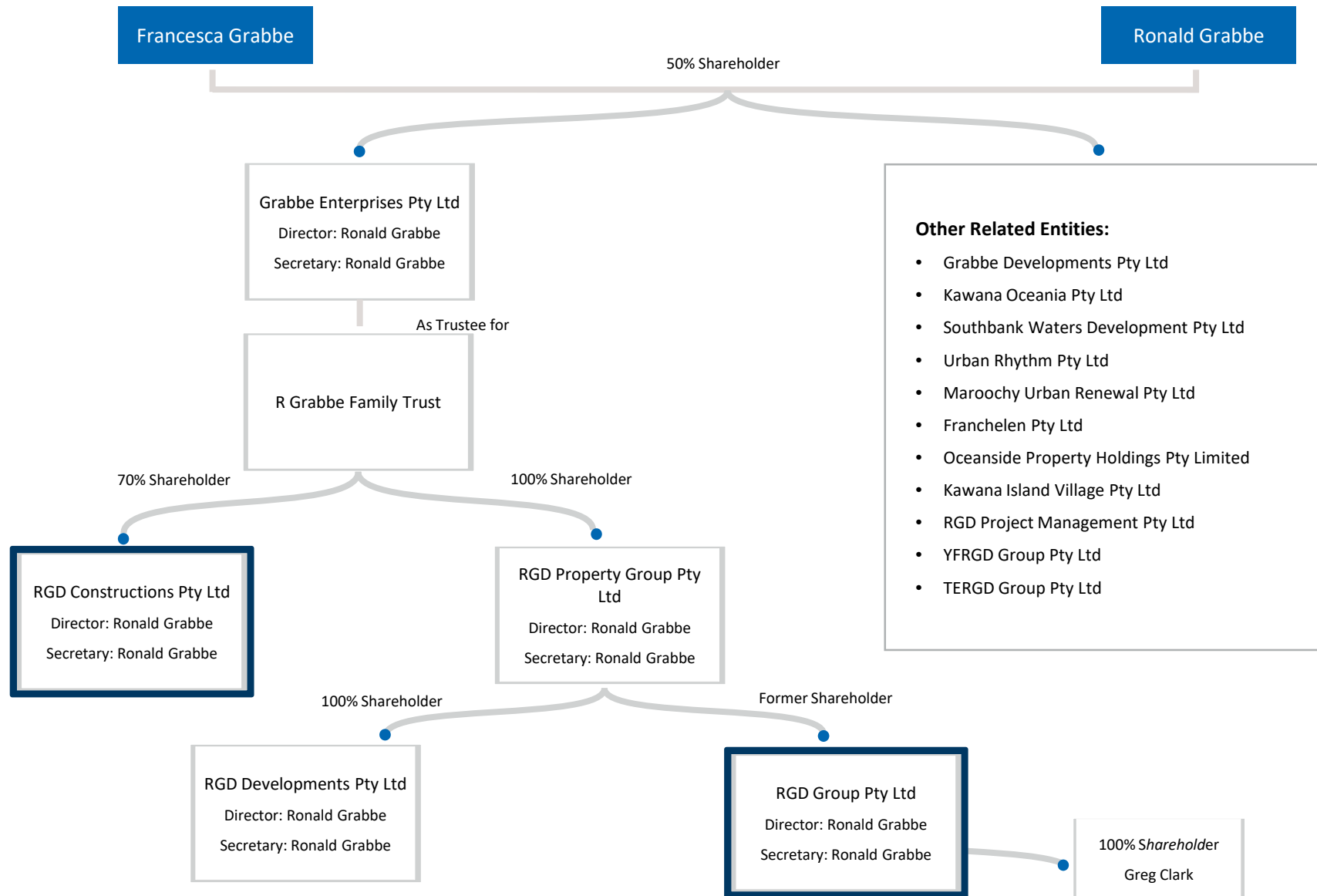
Key Areas	Commentary	Analysis
Explanations for the Companies' difficulties	- High levels of debt - Material losses suffered on the Virtuoso project – 'Riverfront Apartments in Brisbane's West End	Section 3
Administrators' actions and strategy	Our strategy for the Administration has been to: - Obtain an understanding of the businesses and projects, and to conduct investigations into the Companies affairs; - Liaise with key stakeholders; and - Work with Mr Greg Clark and his advisers with respect to any potential DOCA proposal.	Section 3
Estimated date of insolvency	Our preliminary investigations reveal the Companies may have been insolvent from at least April 2020.	Section 5
Voidable transactions	Based on our investigations to date, we consider there may be transactions which a Liquidator could pursue for the benefit of creditors. Further investigations would be required by a Liquidator, if appointed.	Section 5
Offences by Director	Based on our preliminary investigations to date, the following offences may have been committed by the Director: - S180: a director has a duty to exercise their powers and discharge their duties with reasonable care and diligence; and - S181: a director has a duty to exercise their powers and discharge their duties in good faith in the best interests of the company and for a proper purpose.	Section 5
Liability for insolvent trading	Any liability for insolvent trading would need to be assessed on a commercial basis. At this stage, our preliminary investigations indicate it is unlikely to be commercial to pursue an insolvent trading claim against the Director.	Section 5
Proposal for a deed of company arrangement	No proposal for a deed of company arrangement has been received.	N/A



3. Background Information

3. Background Information

Corporate structure of the group



3. Background Information

RGD Constructions Pty Ltd

Background information

- RGDC was incorporated in 10 April 2002 and undertook construction projects in QLD, predominantly on the Sunshine Coast and Brisbane.
- RGDC ceased its construction activities in August 2019 after it surrendered its QBCC Building License.
- Prior to August 2019, RGDC was contracted to construct and in some cases, design, the following projects:
 - Virtuoso Apartments;
 - The Hedge; and
 - Rhythm on the Beach.

Virtuoso project, Brisbane

The Virtuoso project was for the design and construction of premium Riverfront Apartments in Brisbane's West end. The project achieved PC on 28 August 2019. RGDC entered into an agreement with Stockwell in respect of liquidated damages on 12 June 2019, wherein the parties agreed the DLP be extended until December 2020.

We also note in or about August 2019, RGDC entered into an agreement with Stockwell to guarantee RGDC's obligations under the contracts.

The Administrators have been advised by the Companies' CFO this project suffered from a range of issues, including underquoting and poor management which resulted in approximately \$13.5m to \$14.5m loss on the project between both RGDC and RGDC.

RGDC defaulted on its arrangements with Stockwell in March 2020, following which Stockwell elected to drawdown on two (2) bank guarantees held in its favour totalling \$2.225m.

The Administrators understand Stockwell is owed liquidated damages of c\$1.3m and there are existing defects of c\$500k.

The Hedge project, Buddina

The Hedge project was the design and construction of premium apartments in Buddina QLD. Its PC date was 26 August 2019, with the DLP due to expire on 26 August 2020.

The principal, Buddina Urban Development Group Pty Ltd, held a bank guarantee in the amount of \$675,000 as security for RGDC's DLP. The Administrators have been advised by RGDC there are no known outstanding defects in respect of this project.

Notwithstanding that, immediately following the Administration of RGDC, the principal cashed the bank guarantee. The Administrators have corresponded with the principal seeking details of the nature and extent of their claim against RGDC.

Rhythm on the Beach, Maroochydore

RGDC was contracted by Maroochy Urban Renewals Pty Ltd for the construction of premium apartments in Maroochydore QLD known as Rhythm on the Beach.

The project achieved PC on 12 December 2019 and the DLP is not due to be completed until 12 December 2020. There are a series of defects which relate to tiling and painting.

Due to the Administration of RGDC, the Company is unable to carry out rectification of any defects, and further, the principal does not hold any security or retentions to cover any costs it may incur in attending to the defects. It is expected the principal will have a claim against RGDC for the costs incurred to rectify defects.

3. Background Information

RGD Group Pty Ltd

Background information

- RGDG was incorporated in 29 June 2016 and conducted projects in QLD, predominantly on the Sunshine Coast and Brisbane.
- RGDG ceased to carry out construction related activities on 29 April 2020, when it surrendered its QBCC Building License.
- Prior to the Administrators' appointment, RGDG's construction activities were in connection with the following projects:
 - Virtuoso project;
 - Seanna project; and
 - Southbank Waters project.

Virtuoso project, Brisbane

As noted previously in the report, RGDG entered into an agreement to guarantee RGDC's performance of its obligations under contract arrangements with Stockwell.

RGDC defaulted on its arrangements with Stockwell in March 2020, following which Stockwell elected to drawdown on two (2) bank guarantees held in its favour totalling \$2.225m.

The Administrators understand Stockwell is owed liquidated damages of c\$1.3m and there are existing defects of c\$500k.

Seanna project, Bokarina

The Seanna project was for the design and construction of 63 luxury apartments in Bokarina QLD. We understand the Project is in the early stages of development.

RGDG was engaged with the developer, Kawana Oceania Pty Ltd, for the building works, however, following the surrender of its QBCC Licence, the project was taken over by Clark Group prior to our appointment as Administrators.

Southbank Waters project, Birtinya

Southbank Waters project is in connection with the construction of luxury apartments in Birtinya QLD.

RGDG was engaged with the developer, Southbank Waters Development Pty Ltd, to carry out the building works, however, following the surrender of its QBCC Licence, the project was taken over by Clark Group prior to our appointment as Administrators.

3. Background Information

Timeline of events

Date	Event
10 April 2002	RGDC was registered.
29 June 2016	RGDG was registered.
5 May 2017	RGDC was contracted for the design and construction of the Virtuoso project.
May/June 2019	RGDG guarantees the contract for the design and construction of Virtuoso project.
August 2019	RGDC surrenders its QBCC Building License.
August 2019	Greg Clark is approached by the Director to provide funding
April 2020	Greg Clark withdraws further financial support for the Companies.
29 April 2020	RGDG surrenders its QBCC Building License.
April 2020	Clark Constructions takes over the Seanna and Southbank Waters Developments projects.
8 May 2020	John Park and Kelly-Anne Trenfield of FTI Consulting were appointed Voluntary Administrators of the Companies.

3. Background Information

Administration details

Appointment of Administrators

- On 8 May 2020, Kelly Trenfield and I, John Park were appointed Joint and Several Administrators of RGD Group Pty Ltd and RGD Constructions Pty Ltd in accordance with a resolution passed at a meeting of the Companies' Director, Ronald Grabbe, pursuant to section 436A of the Act.
- In a Voluntary Administration, the Administrators take control of a company and its affairs, superseding the powers of the directors and officers to make decisions and perform management functions.
- We also have a duty to investigate the Companies' business, property, affairs and financial circumstances.

Outcome of the first meeting of creditors

- The first meeting of creditors of each of the Companies were held virtually on 20 May 2020 to consider the formation of a committee of creditors and whether or not to appoint different persons to be the Administrators of the Companies.
- Creditors resolved to form a committee of creditors and the following representatives were appointed to the committee:

RGD Group Pty Ltd

Name of member	Creditor representing
Dylan Fahey	DYFA Plumbing
Bernhard Hans Ziegler	Rhino Commercial Cleaning Pty Ltd
Dorian Smeardon	Native Coatings Pty Ltd

RGD Constructions Pty Ltd

Name of member	Creditor representing
Dylan Fahey	DYFA Plumbing
Sukju An	J & H Business Pty Ltd
Dorian Smeardon	Native Coatings Pty Ltd
Glen Battershill	Re-Grow Capital
Bernhard Hans Ziegler	Rhino Commercial Cleaning Pty Ltd
Zaki Rasa	Six Star Tiling Pty Ltd
Paula Deauchamp	QE Doors & Frames Pty Ltd
Damien Pokrivka	Pristine Painting Systems

3. Background Information

Administration details

Administrators' prior involvement and independence

- In accordance with section 436DA of the Act, we provided a DIRRI with our Initial Information to Creditors and Suppliers dated 12 May 2020. The DIRRI included the circumstances that led to our appointment as Administrators.
- Copies of our DIRRI, which were provided with our first circular to creditors and referred to at the first creditors meeting for each of the Companies is at **Appendix 4**.
- There is no change to our assessment regarding our independence or to the information provided in each of the DIRRIs.

- All details, forms and instructions relating to the upcoming Second Meeting can be downloaded from the creditors portal by following this link:

<https://www.fticonsulting-asia.com/creditors>

Second meeting of creditors

- Pursuant to Section 439A of the Act, the Second Meeting will be held separately on **Friday, 12 June 2020** as follows:

Company	Time	Place
RGD Constructions Pty Ltd	10:00am (AEST)	Virtual Meeting
RGD Group Pty Ltd	12:00pm (AEST)	Virtual Meeting

- At the Second Meeting, creditors will determine the Companies' future by voting for one of the following options for each Company:
 - The Company execute a DOCA; or
 - The Administration of the Company end; or
 - The Company should be wound up.

3. Background Information

Administration details

Company information

- **Appendix 1** includes the following information about each of the Companies:
 - Names of Director and officers
 - Corporate structure, including existing shareholders
 - Details of security interests and charges held over the Companies
 - Details of the Companies' bank guarantee schedule
 - Details of the Companies related party loans
 - Detailed profit and loss summaries for the Companies
 - Detailed balance sheet summaries for the Companies

Director's explanation for the Companies' difficulties

- The Director has indicated the current circumstances faced by the Companies is a result of the following:
 - Unsuccessful project – Virtuoso project
 - High levels of debt

Administrators' observations of the Companies difficulties

- From our investigations to date, we have identified the following possible causes for the Companies' failure:
 - Material losses on projects
 - The audited financials for RGDC recorded comprehensive losses of c\$10m and c\$9.3m in FY19 and FY20 respectively.

Opinion about books and records

- Section 286(1) of the Act requires a company to keep written financial records that correctly record and explain its transactions and financial position and performance, and would enable true and fair financial statements to be prepared and audited.
- In considering compliance with this section, since our appointment we have:
 - reviewed various financial reports to help us understand the Companies' asset and liability positions.
 - reviewed various correspondence files and documents relevant to the Companies' financial position and performance of the Companies.
 - Undertaken investigations and reviews incorporating financial records and data.
 - discussed with the Companies' finance function, processes and record keeping practices with its Director and management.
- In our view, as at the date of our appointment the financial records of the Companies appear to have been maintained in accordance with s 286 of the Act.

Outstanding winding up applications

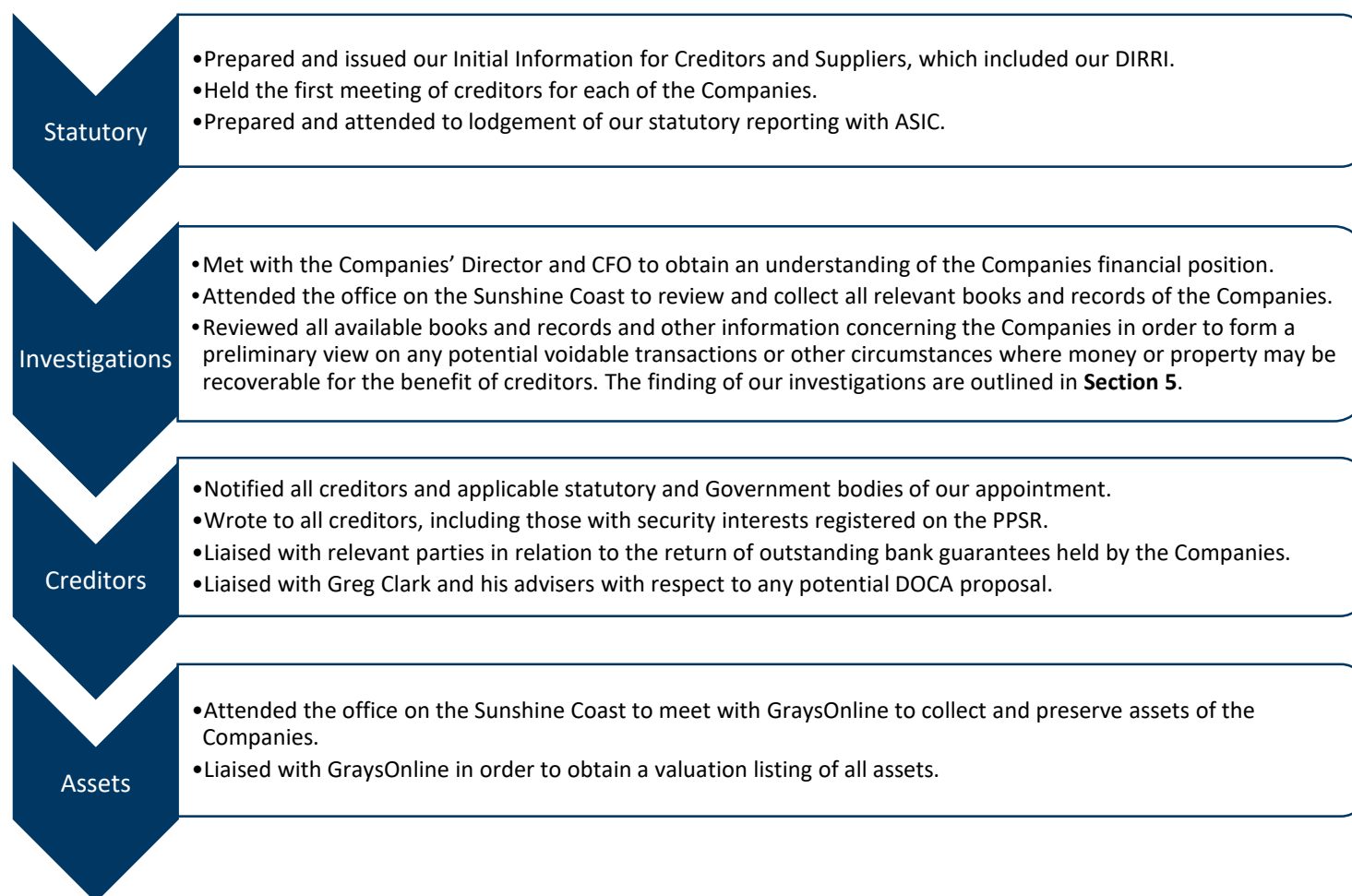
- Based on searches performed at the time of our appointment, no winding up applications appear to have been lodged with a Court against the Companies.

3. Background Information

Actions and strategy

Summary of actions and strategy

- As at the date of our appointment, both the Companies had ceased to trade. RGDC had seven (7) employees and RGDG had one (1) employee upon our appointment. Since our appointment, we have:



- Further details of specific tasks undertaken are included in our Remuneration Approval Report at **Appendix 6**.



4. Financial Position and Historical Financial Analysis

4. Financial Position and Historical Financial Analysis

Report on company activities and property

ROCAP – Part A by the Director

- Immediately after appointment, the Administrators requested the Director of the Companies to provide a statement about each of the Companies' business, property, affairs and financial circumstances in the form of a ROCAP Part A (Form 507).
- On 19 May 2020, and in accordance with Section 438B(2) of the Act, the Director provided a statement (ROCAP) for each of the Companies. Both ROCAPs were subsequently lodged with ASIC on 20 May 2020.
- The Administrators note the ROCAPs have relied upon the management accounts and we have been provided with a creditor listing, debtor listing and management accounts, where relevant.
- A summary of each of the Companies' ROCAPs Part A, as provided by the Director, is detailed in the following tables together with the Administrators' estimated realisable values.

RGD Group Pty Ltd

ROCAP as at 8 May 2020					
A\$'000		Cost or Book Value \$	Director's ERV \$	Administrators' Low ERV \$	Administrators' High ERV \$
	Notes				
Assets					
Cash at Bank	1	12	Nil	Nil	12
Debtors and Receivables	2	193	193	Nil	626
Property, Plant and Equipment	3	24	24	Nil	Nil
Related Party Loans	4	3,100	Nil	Nil	48
Total Assets		3,330	218	Nil	687
Liabilities					
Employee Entitlements (Incl. Superannuation)	5	34	34	41	41
Secured Creditors	6	195	195	2,945	2,945
Unsecured Creditors	7	1,108	1,108	1,259	1,259
Unsecured Loans	8	744	744	28,276	28,276
Statutory Liabilities	9	388	388	393	393
Related Party Claims	10	1,570	Nil	1,630	1,630
Total Liabilities		4,039	2,469	34,543	34,543
Net Assets		(709)	(2,252)	(34,543)	(33,856)

4. Financial Position and Historical Financial Analysis

Report on company activities and property

Administrators' comments on ROCAP Part A – RGDG

1. Cash at bank

- Upon appointment, the Administrators immediately issued correspondence to all major financial institutions notifying them of our appointment and providing instructions to freeze the accounts held in the name of 'RGD Group Pty Ltd'.
- The Administrators are aware of one (1) bank account held with St George Bank Ltd with a balance of \$12,455.86. The Administrators are not aware of any further bank accounts held in the name of RGDG.
- RGDG holds two (2) credit cards with St George Bank Ltd with limits of \$15,000 and \$5,000. The Administrators note these are accounts are nearly drawn in full. Further, it is noted St George holds a security interest over the assets of RGDG and it is likely the available cash at bank will be offset against the amount owing on the credit cards.

2. Debtors and receivables

- The Administrators are aware of two (2) trade debtors or receivables recoverable in the Administration totalling approximately \$98K. The Administrators issued letters to all known debtors of the Company on 27 May 2020.
- RGDG records indicate it has a number of insurance claims available to it totalling approximately \$527K. The Administrators are currently liaising with the relevant insurer and have sought to engage a broker to assist with these claims.

3. Property, plant and equipment

- Upon appointment, the Administrators immediately undertook motor vehicle searches and wrote to secured parties registered on the PPSR.
- The Director disclosed three (3) motor vehicles with outstanding amounts owing by RGDG. The Administrators note these assets appear to be incorrectly listed and are owned by RGDC.

4. Related party loans

- The Director provided a listing of related party debtors as at 8 May 2020.
- The management accounts indicate RGDG is owed c\$3.1m in the form of related party loans.
- The Administrators note approximately \$1.8m relates to a loan to RGDC and \$1.25m relates to loans to the Director. The Administrators view these loans as unrecoverable taking into account the financial position of RGDC and the Director.
- A breakdown of related party loans is provided in **Appendix 1** of this report.

5. Employee entitlements

- On appointment of the Administrators, there was one (1) permanent staff employed by RGDG.
- In the event RGDG is placed into Liquidation, eligible employees may be able to lodge a claim for their outstanding entitlements (excluding superannuation) through the FEG scheme, administered by the Attorney General's Department. Should the Administrators be appointed as Liquidators, they will notify employees accordingly and liaise with FEG to verify the outstanding employee entitlements further.

4. Financial Position and Historical Financial Analysis

Report on company activities and property

6. Secured creditors

- Upon appointment, the Administrators conducted searches on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR Security Interests can be found in **Appendix 1**.
- Three (3) bank guarantees were provided to the Companies by YFG Shopping Centres Pty Ltd in connection with the Virtuoso and Hedge projects totalling \$2.9m. The Administrators are aware the bank guarantees have since been cashed by the principals on each of those projects. The Administrators are currently liaising with the principals to ascertain the nature and extent of their claim to the cashed bank guarantees.
- The Administrators understand St George, a division of Westpac, holds a General Security Agreement and have been advised there is c\$20k owed in relation to credit card facilities provided to RGDG.

7. Unsecured creditors

- The Director provided a creditor listing as at 8 May 2020 from the management accounts of RGDG. The Administrators have relied upon RGDG management accounts, together with PODs received to date, to form their estimate. The Administrators note these claims are subject to adjudication.

8. Unsecured loans

- The Administrators understand \$27.475m in funding was provided by Greg Clark to the Companies, and other related entities, which was guaranteed by the Companies.
- A further \$744K was provided to RGDG from two (2) other private lenders.

9. Statutory liabilities

- Upon appointment, the Administrators immediately notified the ATO of the appointment and requested FOI documents related to RGDG. At this stage, we have received limited FOI documents.
- The Administrators have relied upon a Proof of Debt received from the ATO, together with the books and records of the Company to provide a current estimate.

10. Related party claims

- A breakdown of related party claims was provided by the Director, with the management accounts indicating RGDG owes c\$1.57m to related parties.
- Further detail is provided in **Appendix 1** of this report.

4. Financial Position and Historical Financial Analysis

Report on company activities and property

RGD Constructions Pty Ltd

ROCAP as at 8 May 2020

A\$'000	Notes	Cost or Book Value \$	Director's ERV \$	Administrators' Low ERV \$	Administrators' High ERV \$
Assets					
Cash at Bank	1	15	Nil	Nil	11
Debtors and Receivables	2	Nil	Nil	Nil	Nil
Property, Plant and Equipment	3	168	354	46	55
Related Party Loans	4	5,239	Nil	Nil	146
Total Assets		5,422	354	46	212
Liabilities					
Employee Entitlements (Incl. Superannuation)	5	72	72	147	147
Secured Creditors	6	35	35	2,989	2,989
Unsecured Creditors	7	1,970	2,076	2,272	2,272
Unsecured Loans	8	27,475	Nil	27,475	27,475
Statutory Liabilities	9	187	Nil	188	188
Related Party Claims	10	5,822	Nil	7,622	7,622
Total Liabilities		35,561	2,183	40,694	40,694
Net Assets		(30,053)	(1,829)	(40,648)	(40,481)

Administrators' comments on ROCAP Part A – RGDC

1. Cash at bank

- Upon appointment, the Administrators immediately issued correspondence to all major financial institutions notifying them of our appointment and providing instructions to freeze the accounts held in the name of 'RGD Constructions Pty Ltd'.
- The Administrators are aware of two (2) bank account/s held with ANZ Bank with a combined balance of \$10,824.55. These funds will be transferred and held in the Administration account.
- RGDC also holds a Bartercard account with a balance of \$T45k. The Administrators will liaise with Bartercard and determine if there is any value in RGDC's account.
- The Administrators are not aware of any further bank accounts held in the name of RGDC.

2. Debtors and receivables

- The Administrators are not aware of any trade debtors or receivables recoverable for the Administration.

3. Property, plant and equipment

- Upon appointment, the Administrators conducted searches on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR security interests can be found in **Appendix 1**.
- The PPE principally relates to motor vehicles and plant and equipment. The Administrators note the asset listing provided in the ROCAP was up to 31 August 2019.
- The Administrators have engaged appropriately qualified valuers for the collection and valuation of all assets located at the office and stored offsite. The Administrators' low ERV is based on the valuations provided, less estimated selling costs, and high ERV is based on this figure with a 20% increase.

4. Financial Position and Historical Financial Analysis

Report on company activities and property

4. Related party loans

- The Director provided a listing of related party debtors as at 8 May 2020.
- The management accounts indicate RGDC is owed c\$5.239m in the form of related party loans.
- The Administrators note approximately \$4.95m is in relation to a loan to the Director and a further \$142K owed by the Director and Stephen Hopes, a former Director of RGDC. The Administrators view these loans to likely be unrecoverable taking into account the financial position of the Director. It is uncertain whether any amounts are recoverable from Mr Hopes.
- A breakdown of related party loans is provided in **Appendix 1** of this report.

5. Employee entitlements

- On appointment of the Administrators, there were seven (7) permanent staff employed by RGDC.
- In the event RGDC is placed into Liquidation, eligible employees may be able to lodge a claim for their outstanding entitlements (excluding superannuation) through the FEG scheme, administered by the Attorney General's Department. Should the Administrators be appointed Liquidators, they will notify employees accordingly and liaise with FEG to verify the outstanding employee entitlements further.

6. Secured creditors

- Upon appointment, the Administrators conducted searches on the PPSR and issued correspondence to all parties on the register. A summary of the PPSR Security Interests can be found in **Appendix 1**.
- Three (3) bank guarantees were provided to the Companies by YFG Shopping Centres Pty Ltd in connection with the Virtuoso and Hedge projects totalling \$2.9m. The Administrators are aware the bank guarantees have since been cashed by the principals on each of those projects. The Administrators are currently liaising with the principals to ascertain the nature and extent of their claim to the cashed bank guarantees.

- The Administrators understand St George, a division of Westpac, holds a General Security Agreement and have been advised there is c\$64k owed in relation to credit card facilities provided to RGDC.

7. Unsecured creditors

- The Director provided a creditor listing as at 8 May 2020 from the management accounts of RGDC. The Administrators have relied upon RGDC management accounts, together with PODs received to date, to form their estimate. The Administrators note these claims are subject to adjudication.

8. Unsecured loans

- The Administrators understand \$27.475m in funding was provided by Greg Clark to the Companies, and other related entities, which was guaranteed by the Companies.

9. Statutory liabilities

- Upon appointment, the Administrators immediately notified the ATO of our appointment and requested FOI documents related to RGDC. At this stage, we have received limited FOI documents.
- The Administrators have relied upon a Proof of Debt received from the ATO, together with the books and records of the Company to provide a current estimate.

10. Related party claims

- A breakdown of related party claims was provided by the Director, with the management accounts indicating RGDC owes c\$5.8m to related parties, including c\$1.8m to RGDC.
- Further detail is provided in **Appendix 1** of this report.

4. Financial Position and Historical Financial Analysis

Profit and loss observations

RGD Group Pty Ltd Profit and Loss				
	Mgmt FY20	Audited FY19	Audited FY18	Audited FY17
A\$'000				
Revenue	10,738	11,483	26,362	27,454
Cost of Sales	(10,451)	(9,190)	(24,791)	(26,346)
Gross Profit	287	2,292	1,571	1,108
Total Expenses	1,138	821	131	5
Net Profit	(845)	1,392	(1,618)	1,104

RGD Constructions Pty Ltd Profit and Loss				
	Mgmt FY20	Audited FY19	Audited FY18	Audited FY17
A\$'000				
Revenue	3,258	51,814	20,666	49,582
Cost of Sales	(10,166)	(58,065)	(18,885)	(46,768)
Gross Profit	(6,907)	(6,251)	1,781	2,814
Total Expenses	2,302	2,273	2,921	3,149
Net Profit	(9,387)	(10,080)	(360)	(197)

Administrators' comments:

- Cost of Sales relates specifically to the costs on projects. FY19 and FY20 for RGDC demonstrates the significant cost overruns which appear to have incurred on the Virtuoso project.
- The Administrators have been advised it is estimated the Virtuoso project ran a loss of approximately \$13.5m to \$14.5m between both the Companies.
- The significant decline in revenue for RGDC in FY20 appears to relate to the surrendering of its QBCC Building License in August 2019.
- RGDC incurred substantial losses in FY19 and FY20, with combined losses of c\$18m and did not operate at a net profit in the years under review.
- RGDG's total expenses increased substantially each year reviewed, driven by substantial increases in interest expenses and wages, while revenue continued to decline in each year.
- A detailed profit and loss summary is provided in **Appendix 1** for each Company.

4. Financial Position and Historical Financial Analysis

Balance sheet observations

RGD Group Pty Ltd Balance Sheet

	Mgmt FY20	Audited FY19	Audited FY18	Audited FY17
A\$'000				
Total Current Assets	3,890	8,064	2,474	7,883
Total Non-Current Assets	168	163	25	1
Total Assets	4,057	8,227	2,499	7,884
Total Current Liabilities	1,342	6,872	2,249	6,817
Total Non-Current Liabilities	1,718	98	100	0
Total Liabilities	3,060	6,970	2,350	6,817
Net Assets	997	1,257	149	1,067

RGD Constructions Pty Ltd Balance Sheet

	Mgmt FY20	Audited FY19	Audited FY18	Audited FY17
A\$'000				
Total Current Assets	5,386	4,843	9,562	6,527
Total Non-Current Assets	804	364	492	412
Total Assets	6,190	5,207	10,054	6,938
Total Current Liabilities	2,429	11,426	8,487	6,015
Total Non-Current Liabilities	7,668	107	132	73
Total Liabilities	10,097	11,533	8,619	6,089
Net Assets	(3,906)	(6,326)	1,434	850

Administrators' comments:

- The cash position of RGDC declined significantly from FY18 to FY19 due to reduction in inventories, which predominantly comprised of work in progress.
- The key driver relating to the deterioration of the net asset position for RGDC is the trade and other payables, peaking at c\$11.3m in FY19 which appear to relate to cost overruns on certain projects.
- RGDC appears to have used financial liabilities (loans) to pay down the trade and other payables which is demonstrated by the significant increase in financial liabilities from FY19 to FY20 and the corresponding significant decrease in trade and other payables from FY19 to FY20.
- RGDC's trade receivables reduced dramatically from FY19 to FY20, however this did not result in additional available cash at bank. It appears these funds were used to pay down the trade creditors and offset the liability position of construction revenue previously received in advance in FY19 of c\$2.3m.
- A detailed balance sheet summary is provided in **Appendix 1** for each Company.



5. Investigations

5. Investigations

Overview – Voidable transactions and insolvency

Duty to investigate

- The law requires us to investigate and specify whether there appear to be any voidable transactions in respect of which money, property or other benefits may be recoverable by a Liquidator under Part 5.7B of the Act.
- We have sought to ascertain whether the Companies were insolvent at any particular point in time prior to our appointment as Administrators, in order to determine a point in time from which these provisions may apply.

Relevance of insolvency and liquidation

- The ability to challenge voidable transactions and recover money/property for creditors is contingent on two elements:
 - The Companies being placed into Liquidation; and
 - A Liquidator being able to establish that the Companies were insolvent at the time it entered into any particular transaction, or that the Companies became insolvent as a consequence of that transaction.

Work performed

- We have made enquiries into the financial affairs of the Companies. In this section, we set out our preliminary views and findings about:
 - Offences that may have been committed.
 - The solvency position of the Companies.
 - Existence of voidable transactions – including unfair preferences/loans, uncommercial transactions, arrangements to avoid employee entitlements, and unreasonable director related transactions.
 - Charges that may be voidable.
 - Whether there is the prospect of a claim for insolvent trading.

- The investigations conducted included the following:
 - Review of available financial books and records, being management accounts extracted from the Companies' management account system;
 - Discussions with key management personnel;
 - Detailed review and analysis of related party loan accounts; and
 - Conducted PPSR and ASIC searches as well as searches for any winding up proceedings on foot.
- Creditors are advised the investigations conducted to date are preliminary in nature, as such, further detailed investigations will be required should the Companies be placed into Liquidation.

Creditors' information sheet and other explanations

- Provided at **Appendix 4** is an information sheet to assist creditors in understanding potential offences under the Act, recoverable transactions; and insolvent trading.
- Creditors should read this information in conjunction with our comments in this section of the report.

Basis of solvency assessment

- We have reviewed the management accounts and other books and records available while conducting a solvency assessment of the individual Companies.

5. Investigations

Insolvency and liability for insolvent trading

Relevance of liquidation versus DOCA

- Voidable transactions and other actions that a Liquidator can make are not available if the Companies execute a DOCA.
- As a result, creditors have to assess the advantages to them of a DOCA (and any benefits that may be available to them in this scenario), compared to the likely return in a Liquidation (and any recoveries that may be available where a Liquidator is appointed).
- To help creditors, where a DOCA is proposed, the estimated return to creditors section of this report will include a comparison between Liquidation and any DOCA, highlighting the differences in estimated recoveries and outcomes. There may also be timing differences and these too are discussed as applicable.

Director's Duties under the Act

Opinion about books and records

- Section 286(1) of the Act requires a company to keep written financial records that correctly record and explain its transactions and financial position and performance, and would enable true and fair financial statements to be prepared and audited.
- In our view, as at the date of our appointment the financial records of the Companies appear to have been maintained in accordance with s286 of the Act.

Insolvent Trading (s588G of the Act)

- Section 588G of the Act imposes a duty on a director to prevent insolvent trading.
- Based on our preliminary investigations to date, the Companies may have been insolvent from at least April 2020.
- Section 588H of the Act provides a number of potential defences to s588G and may be available to the Director.

General duties of a director under the Act

- The Act requires a director to exercise their powers and discharge their duties:
 - With reasonable care and diligence (s180);
 - In good faith in the best interests of the company and for a proper purpose (s181);
 - Not to use their position to improperly gain an advantage for themselves or cause detriment to the company (s182); and
 - Not to improperly use information to gain an advantage for themselves or someone else or cause detriment to the company (s183).
- Where a breach of duty is reckless or dishonest, this may also be a criminal offence (s184).
- A director of wholly-owned subsidiaries (s187) may be taken to have acted in good faith in the best interests of a subsidiary where:
 - The subsidiary's constitution authorises the director to act in the best interests of the holding company;
 - The director acts in good faith in the best interests of the holding company; and
 - The subsidiary is not insolvent at the time the director acts, or becomes insolvent because of the director's act.
- Our preliminary investigations indicate the Director is likely to have breached s180 and s181, given the Companies' circumstances. Whilst not specifically commenting on the severity of these offences, it is our professional experience that breaches of this nature are commonly associated with failed companies, and do not necessarily reflect any fraudulent or other criminal wrongdoing.
- Additionally we note the Director has been cooperative throughout the Administration, and attended to all our requests.

5. Investigations

Insolvency and liability for insolvent trading

Date of insolvency

- Based on our preliminary investigations the Companies may have been insolvent at least from April 2020, after the subsequent withdrawal of financial support from Greg Clark.
- Our key workings and other analysis are contained in **Appendix 2**.
- In the Appendix we have also included some general comments and information about recoveries via voidable transactions, insolvent trading and common factors that indicate insolvency.

Preliminary view on liability for insolvent trading

- Our preliminary view is whilst the Companies may have been insolvent, it is unlikely any claim for insolvent trading against the Director would be viable.
- The primary reasons that form our view are set out below:
 - The Companies had significant financial support from Greg Clark, who had demonstrated a willingness to support the Companies in the months prior to the appointment of Administrators.
 - Due to the above support, the Director may be able to rely upon section 588H(2) of the Act, where the Director had reasonable grounds to expect, and did expect, that the Companies were solvent at the time and would remain solvent.
- Based on the information available to us as at the date of this report, we are aware of some material assets held by the Director personally, however the Director's assets are subject to numerous encumbrances. Further, the Director has provided a number of creditors of the Companies with personal guarantees. As such, it is uncertain what assets (if any) may become available to satisfy any claim of insolvent trading.
- If the Companies are wound up and a Liquidator appointed, further work would need to be performed on the solvency position of the Companies to determine whether there is a benefit to creditors in pursuing the Director for insolvent trading.

Solvency review – indicators of insolvency

Indicia of Insolvency				
Indicator	Jun-19	Sep-19	Dec-19	Apr-20
Trading losses	✓	✓	✓	✓
Insufficient cash flow	?	?	?	?
Difficulties in collecting debts	?	?	?	?
Creditors paid outside terms / special arrangements	✓	✓	✓	✓
Arrears of statutory liabilities	?	?	?	?
Cheques are being returned dishonoured / payments dishonoured	x	x	x	x
Legal action threatened or commenced	?	?	?	✓
Inability to obtain new or alternative funding	x	x	x	✓
Inability to produce accurate financial information	x	x	x	x
Resignation of directors or other senior management	x	x	x	✓
Qualified audit opinion	x	x	x	x
The Company has defaulted, or is likely to default, on its agreements with its financier	x	x	x	x
Finance staff raise solvency concerns	?	?	?	?
Inability to sell surplus assets	?	?	?	?
Issuing post dated cheques	?	?	?	?

Key	
Item	Symbol
Indicator present	✓
Further investigation required	?
Indicator not considered present	x

5. Investigations

Insolvency and liability for insolvent trading

Director's capacity to pay claims by a Liquidator

- The Administrators received a statement of personal position from the Director.
- The Director has two (2) units located in Birtinya and Parrearra, both subject to mortgages and caveats.
- The Director also has a number of collector cars, all of which have a security over them.
- The Administrators are aware of a number of personal guarantees provided by the Director, along with a Deed of Assurance provided to the QBCC for RGDG's builders licence. If RGDG is placed into liquidation, the Director is personal liability under the Deed for up to \$360k.
- We understand the Director is making his own enquiries in regards to his potential bankruptcy and are of the view that if a successful insolvent trading claim was brought against the Director, he is unlikely to be able to pay any amounts in respect of the claim.
- We are unable to definitively comment at this time as to whether the Companies held any Director and Officer insurance policies that would respond to a claim for insolvent trading.
- If the Companies are placed into Liquidation, further investigations would be conducted into the Director's capacity to respond to any insolvent trading claim.
- Creditors should refer to **Appendix 2** for additional information regarding insolvency and pursuing insolvent trading claims.

5. Investigations

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 supportable claims. Where applicable, we have included our estimate of possible recoveries along with any other pertinent information.
- For general information explaining these matters, including a list of applicable offences, please refer to **Appendix 3**.

Area	Our view	Comments
Unfair preferences	Possible claims	■ We have reviewed the payments made by the Companies during the period leading up to appointment, taking into account the potential date of insolvency of the Companies. ■ We have not identified any material payments to trade creditors which warrant further investigation by a Liquidator, if appointed. ■ We consider there may be preferential payment to the ATO, however further investigation would be required.
Uncommercial and/ or director related transactions	Possible claims	■ We have conducted preliminary investigations into the sale of the intellectual property of the Companies, however we are unable to progress our assessment until such time as settlement of the Asset Sale Agreement has occurred. ■ We are not aware of any other potential uncommercial transactions that would likely result in property being recovered for the benefit of creditors.
Unfair loans	No claims	■ We are not aware of any potential unfair loans that would likely result in property being recovered for the benefit of creditors.
Unreasonable payments to Director	No claims	■ Our preliminary investigations to date have not found any evidence of any unreasonable payments to the Director.
Arrangements to avoid employee entitlements	No claims	■ Our investigations to date have not revealed the existence of any such arrangements.
Voidable charges	None	■ Our investigations have not revealed any charges or registered security interests that would be void against a Liquidator.
Insolvent Trading	Possible claims	■ Our preliminary investigations revealed the Companies may have been insolvent from at least April 2020. ■ Any insolvent trading claim is unlikely to be successful as it appears the Director may have a strong defence under s588H(2) of the Act, or in the alternative, the Director has limited capacity to satisfy any debt owing, should a claim for insolvent trading be successful.
Offences by Director	Possible claims	■ Based on our preliminary investigations to date, the Director may have breached s180 and s181 of the Act. ■ Our preliminary views is that it may not be commercial to pursue any claim against the Director as he is likely to consider bankruptcy in the near future.



6. Estimated Return to Creditors

6. Estimated Return to Creditors

Estimated statement of position

Estimated return to creditors

- The table shows the estimated return to creditors in individual Liquidation scenarios.
- The table provides the high and low scenarios in a Liquidation scenario for each of the Companies.
- Notes following on the next page.

RGD Group Pty Ltd (Administrators Appointed)					
RGD Constructions Pty Ltd (Administrators Appointed)					
		RGDG		RGDC	
A\$'000	Notes	Liquidation Low Return	Liquidation High Return	Liquidation Low Return	Liquidation High Return
Assets Available					
Cash at Bank	1	54	66	46	57
Debtors and Receivables	2	0	626	0	0
Plant and Equipment	3	0	0	0	0
Related Party Loans	4	0	48	0	146
Voidable Recoveries	5	0	Unknown	0	Unknown
Insolvent Trading Actions	6	0	0	0	0
Available Funds before costs		54	740	46	203
Administration Costs					
Legal Fees	7	0	50	0	50
Administrators' Remuneration and Disbursements	8	150	150	150	150
Liquidators' Remuneration and Disbursements	9	50	100	50	100
Estimated Administration Costs		200	300	200	300
Surplus/(Shortfall) Available to Priority Creditors		(146)	440	(154)	(97)
Priority Creditors	10	41	41	147	147
<i>Estimated Distribution for Priority Creditors</i>		<i>Nil</i>	<i>100 c/\$</i>	<i>Nil</i>	<i>Nil</i>
Surplus/(Shortfall) Available to Secured Creditors		Nil	399	Nil	Nil
Secured creditors	11	2,945	2,945	2,989	2,989
<i>Estimated Distribution for Secured creditors</i>		<i>Nil</i>	<i>13.6 c/\$</i>	<i>Nil</i>	<i>Nil</i>
Unsecured creditors					
Trade and Unsecured Creditors	11	29,534	29,534	29,747	29,747
Statutory creditors	12	393	393	188	188
Related Party Claims	13	1,630	1,630	7,622	7,622
Total Unsecured Creditors		31,557	31,557	37,557	37,557
<i>Estimated Distribution for Unsecured creditors (c/\$)</i>					
		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

6. Estimated Return to Creditors

Estimated statement of position - Notes

Notes

1. Cash at bank as at the date of appointment. Funding of \$55K and \$45K was provided up front by Greg Clark for RGDG and RGDC respectively to contribute towards the costs of the Administration. The Administrators are aware of approximately \$10,824 held by RGDC in an ANZ bank account and \$12,455 held in a St George bank account by RGDG prior to our appointment.
2. The Administrators are aware of a number of insurance claims available to RGDG and are making enquiries into same. The Administrators are not aware of any recoverable debtors for RGDC.
3. Upon appointment, RGDC held various office and IT equipment, motor vehicles and plant and equipment. The Administrators estimates recoveries of up to \$63k are based on current valuations received to date less estimated costs, however all sale proceeds are subject to security held by St George, a division of Westpac, and YFG Shopping Centres Pty Ltd. The Administrators are not aware of any PPE recoverable for the benefit of creditors for RGDG.
4. The Administrators have formed a preliminary view on the collectability of these loans.
5. Based on the preliminary investigations, the Administrators consider further assessment of certain transactions is required to determine whether they may be recoverable as voidable transactions, however prospects of recovery are uncertain. Should the Companies be placed into Liquidation, further investigations would be required in order to pursue recovery of these transactions.
6. From preliminary investigations, the Companies were likely insolvent from at least April 2020, which would potentially give rise to an insolvent trading claim against the Director, however, any claim would need to be assessed on a commercial basis and the Director's ability to meet such a claim. Commentary is provided in **Section 5** of this report with respect to our investigations into a potential claim and the Director's personal financial position. Should the Companies be placed into Liquidation, further investigations would be required before an insolvent trading claim could be pursued.
7. Administrators' estimated legal fees. Legal fees are estimated based on potential legal costs to pursue voidable transactions and related party claims in Liquidation scenarios.
8. Estimated Administrators' remuneration up to and including 12 June 2020.
9. Estimated Liquidators' remuneration to conduct the liquidations of the Companies.
10. Priority employee entitlements for superannuation, leave and payment in lieu to be paid in accordance with the priorities in Section 556 of the Act. Under a Liquidation scenario, employees may be eligible to claim under the FEG scheme.
11. Estimate based on the Companies records' and PODs received to date.
12. Estimate based on the ATO's POD and the Companies' records in relation to debts owed to the Office of State Revenue.
13. Estimate based on the Companies' management accounts.

6. Estimated Return to Creditors

Estimated timing for return

Estimated timing for return to each class of creditors

- Detailed below is a summary of the estimated timing for the return of each class of creditor for the Companies.
- The below timing estimates may change and are subject to the complexities of the recoveries under the Liquidation scenarios.

Estimated timing for return to Creditor Classes	Notes	RGDG	RGDC
		Liquidation	Liquidation
Priority creditors	1	1 - 2 years	N/A
Secured creditors	2	1 - 2 years	N/A
Unsecured creditors	3	N/A	N/A

1. Under the Liquidation scenarios, any distributions will be subject to the pursuit of debtors, related party loans, and potentially voidable transactions and insolvent trading claims.
2. As above.
3. Based on our estimates, the Administrators do not anticipate there to be sufficient recoveries for any return to unsecured creditors.

Administrators' receipts and payments

- A summary of receipts and payments since the date of our appointment to 5 June 2020 is detailed in **Appendix 5** of this report.



7. Administrators' Opinion and Recommendation

7. Administrators' Opinion and Recommendation

What creditors can decide at the meeting

- At the second meeting of creditors, creditors for each Company will separately resolve that the:
 - The Company should execute A DOCA; or
 - The administration of the Company should end; or
 - The Company should be wound up.
- In accordance with the requirements of Section 75-225 of the *Insolvency Practice Rules (Corporations) 2016*, the Administrators must provide an opinion on each of the above options, and whether the option is in the creditors' interests.

Administrators' opinions on the options available to creditors

- The Administrators have an obligations to make a recommendation to creditors on which alternative is in the best interests of creditors for each Company.
- The Administrations make the following comments in respect to each option:

Execution of a deed of company arrangement

- As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time.

Winding up the Company

- At the Second Meeting, creditors may resolve a Company to be wound up. Should they do so, the relevant Company will be placed into Liquidation and the Administrators will become appointed Liquidators (unless creditors resolve otherwise). The Liquidators are required to realise and distribute the assets in accordance with Section 556 of the Act and will also be required to complete a thorough investigation into that Companies' past dealings and affairs, and the past actions of the Director.
- The effects of the Liquidation of a company includes:
 - The moratorium available under the Voluntary Administration process will cease.
 - The Liquidators will be empowered to recover potential voidable transactions, as outlined in **Section 5** of this report, however it is unknown if any actions would likely result in property being recovered for the benefit of creditors.
 - The Liquidators will conduct further investigations into the affairs of the Company and its officers (and former officers) and may be required to lodge a report with ASIC in respect of same.

The Administration comes to an end

- If creditors vote for this alternative, control of the relevant company would revert to the Director following the forthcoming meeting of creditors.
- Both the Companies are insolvent with insufficient liquid assets to pay the relevant Companies' debts. Therefore we do not consider that it would be in the creditors' interests for the administration to end for either of the Companies.

7. Administrators' Opinion and Recommendation

Administrators' opinion on voidable transactions

- It is the opinion of the Administrators that there are payments made by the Companies which could be considered voidable as against the Liquidators. This has been discussed in **Section 5**.

Administrators' opinions on the options available to creditors

1. Execution of a deed of company arrangement

- As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time. Therefore, **we do not consider it would be in the creditors' interests for the Company to execute a DOCA.**

2. The Administration comes to an end

- If the creditors vote for this alternative, control of the Companies would revert to the Director following the forthcoming meeting of creditors.
- The Companies are insolvent with no cash to pay the Companies' debts and no confirmed prospects of future cashflow or external funding. Therefore **we do not consider that it would be in the creditors' interests for the administration to end.**

3. The Company is wound up

- Absent the other options being viable alternatives, **we consider that it would be in the creditors' interests for the Companies to be wound up.** The Companies are insolvent and we have not been provided with a proposal for a DOCA for consideration and it is not appropriate that the administration ends for the reasons noted above.

Administrators' recommendation

- It is our opinion that it would be in the creditors interests for each of the Companies to be wound up.
- There is no DOCA proposal put forward and it is not in creditors' interests to bring either of the Administrations to an end.

Dated 5 June 2020



John Park

Administrator



8. Appendix 1 – Company Information

8. Appendix 1 – Company Information

Statutory information

Statutory Company Information	
Information Type	Details
Legal Entity	RGD Group Pty Ltd
ACN	613 325 652
Registered in	Queensland
Registration Date	29/06/2016
Registered Office	Unit 3, 10 Lake Kawana Boulevard, BOKARINA QLD 4575
Principle Place of Business	Unit 3, 10 Lake Kawana Boulevard, BOKARINA QLD 4575
Type/Class	Australian Proprietary Company

Directors and Officers			
Name	Role	Appointment Date	Resignation Date
Ronald Per Hans Grabbe	Director	29/06/2016	-
Klint Jai Grabbe	Director	01/08/2018	25/02/2020
Stephen Mark Hopes	Director	29/06/2016	22/05/2017

Shareholders – RGD Group Pty Ltd			
Rank	Shareholder	Issued Capital	%
1	Gregory Scott Clark	700,000	99.86%
2	Gregory Scott Clark	1,000	0.14
Total shares issued		701,000	100%

Source: ASIC Current and Historical Extract, on 11 May 2020.

Statutory Company Information	
Information Type	Details
Legal Entity	RGD Constructions Pty Ltd
ACN	100 177 928
Registered in	New South Wales
Registration Date	10/04/2002
Registered Office	Unit 3, 10 Lake Kawana Boulevard, BOKARINA QLD 4575
Principle Place of Business	Unit 3, 10 Lake Kawana Boulevard, BOKARINA QLD 4575
Type/Class	Australian Proprietary Company

Directors and Officers			
Name	Role	Appointment Date	Resignation Date
Ronald Per Hans Grabbe	Director	10/04/2002	-
Stephen James Shirley	Appointed Auditor	07/09/2016	-
Stephen Mark Hopes	Director	01/07/2007	22/05/2017
Brendan John Wenke	Director	10/04/2002	17/06/2002

Shareholders – RGD Constructions Pty Ltd			
Rank	Shareholder	Issued Capital	%
1	Kawana Oceania Pty Ltd	8,150,000	59.92%
2	Ronald Per Hans Grabbe	5,450,955	40.07%
3	Grabbe Enterprises Pty. Ltd.	1,000	0.01%
Total shares issued		13,601,955	100%

Source: ASIC Current and Historical Extract, on 11 May 2020.

8. Appendix 1 – Company Information

PPSR security interest (RGDG)

Security Interests			
Collateral Class	Secured Party	Date Registered	Status
Other Goods	AFS Systems Pty Ltd	06 Feb 2019 11:05	
Motor Vehicle	Altro Holdings Pty Ltd	25 Oct 2016 09:08	
Other Goods	Aluminium Specialties Group Pty. Ltd.	12 Sep 2017 15:01	Discharged
Other Goods	ASI JD Macdonald Pty. Ltd.	19 May 2017 11:21	
Other Goods	ATF Services Pty Ltd	15 Jan 2020 10:01	
Chattel Paper	ATF Services Pty Ltd	15 Jan 2020 10:01	
Other Goods	Auscoast Fire Services Pty Ltd	12 Jul 2017 15:22	Discharged
Other Goods	Australian Construction Products Pty Limited et al.	18 Sep 2018 12:37	
Other Goods	Bayset Pty Ltd.	24 Aug 2017 15:54	
Other Goods	Big River Group Pty Ltd	18 Oct 2016 15:12	Discharged
Other Goods	Bradnam's Windows And Doors Pty. Ltd.	27 Feb 2017 16:51	
Other Goods	Coates Hire Operations Pty Limited	06 Oct 2016 14:16	Disclaimed
Motor Vehicle	Coates Hire Operations Pty Limited	06 Oct 2016 14:16	Disclaimed
Other Goods	Corinthian Industries (Australia) Pty Limited et al.	22 Mar 2019 11:51	
Other Goods	CSR Building Products Limited	13 Mar 2019 14:24	Discharged
Other Goods	Flexirent Capital Pty Ltd	19 Mar 2019 18:09	Disclaimed
Other Goods	Go Electrical Pty Ltd	14 Sep 2017 10:35	
Other Goods	Hi-Reach Rentals (Australia) Pty Ltd	09 Dec 2019 17:11	
Motor Vehicle	Hi-Reach Rentals (Australia) Pty Ltd	09 Dec 2019 17:11	
Other Goods	Holcim (Australia) Pty Ltd	31 Jan 2017 12:12	
All PAAP No Except	Ikon Electrical Pty Ltd	12 Mar 2020 13:19	
Other Goods	Kleer Cold Room Hire Pty Ltd; Kleer Ice Supplies Pty Ltd	08 Jan 2019 14:34	Discharged
Motor Vehicle	Macquarie Leasing Pty Ltd	20 Mar 2018 09:13	Disclaimed
Other Goods	Master Hire Pty. Ltd.	28 Aug 2018 14:13	
Other Goods	Metroll Queensland Pty Limited	23 Oct 2018 10:50	Discharged
Other Goods	Pacific Silica Pty Ltd	23 Aug 2017 13:58	Discharged

8. Appendix 1 – Company Information

PPSR security interest (RGDG)

Security Interests			
Collateral Class	Secured Party	Date Registered	Status
Other Goods	PGH Bricks & Pavers Pty Limited	26 Sep 2019 06:04	
Other Goods	Pivot Australia Pty Ltd	01 Nov 2016 12:52	
Other Goods	Pumps United Pty Ltd	12 Dec 2018 16:53	Discharged
Motor Vehicle	QWS Scaffolding (Aust) Pty Ltd	25 Mar 2020 18:12	Discharged
Other Goods	QWS Scaffolding (Aust) Pty Ltd	25 Mar 2020 18:12	Discharged
Other Goods	QWS Scaffolding (Aust) Pty Ltd	25 Mar 2020 18:12	Discharged
Motor Vehicle	QWS Scaffolding (Aust) Pty Ltd	25 Mar 2020 18:12	Discharged
Other Goods	Samios Plumbing Pty Ltd	19 Oct 2016 16:27	
Other Goods	Sitemax Group Pty Ltd	13 Jan 2020 12:47	
Other Goods	The Australian Steel Company (Operations) Pty Ltd	27 Oct 2016 10:12	
Other Goods	The Trustee For The Balchin Family Trust	25 Mar 2020 18:08	
Other Goods	The Trustee For The Balchin Family Trust	25 Mar 2020 18:08	
All PAAP With Except	Westpac Banking Corporation	11 Dec 2018 11:25	
All PAAP With Except	Westpac Banking Corporation	04 Jun 2018 09:20	
All PAAP No Except	YFG Shopping Centres Ltd Pty As Trustee For The The Fu Family Trust	31 Aug 2016 14:21	

8. Appendix 1 – Company Information

PPSR security interest (RGDC)

Security Interests			
Collateral Class	Secured Party	Date Registered	Status
Other Goods	Acrow Formwork And Scaffolding Pty Ltd	10/06/2015 12:38	
Other Goods	Acrow Formwork And Scaffolding Pty Ltd	16/05/2012 16:00	
Other Goods	Alphaline Group Pty Ltd	17/08/2016 12:09	
Motor Vehicle	ASP Foundation Piling Pty Ltd	26/09/2018 19:14	Discharged
Other Goods	ASP Foundation Piling Pty Ltd	26/09/2018 16:30	Discharged
Motor Vehicle	ASP Piling Pty Ltd	2/05/2017 11:48	Discharged
Other Goods	ASP Piling Pty Ltd	2/06/2017 12:12	Discharged
Motor Vehicle	ASP Piling Pty Ltd	2/06/2017 12:12	Discharged
Other Goods	ASP Piling Pty Ltd	2/05/2017 11:48	Discharged
Other Goods	ATCO Structures & Logistics Pty Ltd	3/12/2015 16:51	Discharged
Other Goods	ATF Services Pty Ltd	24/08/2012 1:09	Discharged
Other Goods	ATF Services Pty Ltd	17/06/2015 9:49	Discharged
Other Goods	ATF Services Pty Ltd	24/07/2017 14:33	Discharged
Other Goods	ATF Services Pty Ltd	24/08/2012 1:23	Discharged
All PAAP No Except	Australia And New Zealand Banking Group Limited	30/01/2012 0:00	
Motor Vehicle	Australian Dewatering Systems Pty Ltd	13/02/2018 11:19	
Other Goods	Australian Dewatering Systems Pty Ltd	13/02/2018 11:19	
Other Goods	Big River Group Pty Ltd	8/03/2012 17:32	Discharged
Other Goods	BOC Limited	20/03/2018 12:38	Discharged
Other Goods	Boral Limited et al.	15/10/2018 15:05	
Other Goods	Bradnam's Windows And Doors Pty. Ltd.	12/04/2012 11:17	
All PAAP No Except	Capital Finance Australia Limited	30/01/2012 0:00	
Other Goods	Capital Finance Australia Limited	17/03/2015 5:35	
All PAAP No Except	Capital Finance Australia Limited	30/01/2012 0:00	
All PAAP No Except	Capital Finance Australia Limited	30/01/2012 0:00	
All PAAP No Except	Capital Finance Australia Limited	30/01/2012 0:00	

8. Appendix 1 – Company Information

PPSR security interest (RGDC)

Security Interests			
Collateral Class	Secured Party	Date Registered	Status
Other Goods	Clifton Brick Manufacturers Pty. Ltd. et al.	30/12/2013 17:25	
Other Goods	Clifton Brick Manufacturers Pty. Ltd. et al.	30/12/2013 17:06	
Other Goods	Clifton Brick Manufacturers Pty. Ltd. et al.	17/03/2015 15:03	
Motor Vehicle	Coates Hire Operations Pty Limited	8/10/2018 7:24	Disclaimed
Other Goods	Coates Hire Operations Pty Limited	8/10/2018 7:23	Disclaimed
Other Goods	Corinthian Industries (Australia) Pty Limited et al.	22/08/2012 10:41	
Other Goods	Coventry Group Limited	12/08/2014 15:18	
Other Goods	Coventry Group Limited	26/09/2013 17:08	
Other Goods	CSR Building Products Limited	10/03/2015 16:57	
Other Goods	Go Electrical Pty Ltd	15/08/2018 13:38	
Other Goods	Gowan Lea Timbers Pty Ltd	15/03/2019 11:39	
Other Goods	Hardings Hardware Pty. Ltd.	31/08/2018 9:37	
Motor Vehicle	Heale, Russell	4/09/2015 10:34	Discharged
Other Goods	Heale, Russell	4/09/2015 10:34	Discharged
Other Goods	Hilti (Aust.) Pty. Ltd.	17/06/2015 13:02	
Other Goods	Hi-Reach Rentals (Australia) Pty Ltd	25/03/2019 10:21	Discharged
Motor Vehicle	Hi-Reach Rentals (Australia) Pty Ltd	25/03/2019 10:21	Discharged
Other Goods	Holcim (Australia) Pty Ltd	21/07/2015 9:44	
All PAAP No Except	Ikon Electrical Pty Ltd	19/01/2017 14:49	
Other Goods	ITW Australia Pty Ltd	12/07/2016 16:53	
Other Goods	IXL Home Pty Ltd	24/04/2018 14:01	Discharged
Motor Vehicle	Macquarie Leasing Pty Ltd	24/03/2016 12:33	Disclaimed
Other Goods	Master Carpet Company (Qld.) Pty. Ltd.	24/03/2014 12:16	
Other Goods	Master Hire Pty. Ltd.	18/12/2015 17:29	

8. Appendix 1 – Company Information

PPSR security interest (RGDC)

Security Interests			
Collateral Class	Secured Party	Date Registered	Status
Other Goods	Metal Manufactures Limited	27/09/2016 12:47	
Other Goods	Metal Manufactures Limited	5/09/2013 10:37	
Other Goods	Metecno Pty Ltd	7/03/2017 11:07	Discharged
All PAAP No Except	National Australia Bank Limited	30/01/2012 0:00	Discharged
All PAAP No Except	National Australia Bank Limited	30/01/2012 0:00	Discharged
All PAAP No Except	National Australia Bank Limited	30/01/2012 0:00	Discharged
All PAAP No Except	National Australia Bank Limited	28/01/2014 13:44	Discharged
All PAAP No Except	National Australia Bank Limited	30/01/2012 0:00	Discharged
All PAAP No Except	National Australia Bank Limited	30/01/2012 0:00	Discharged
All PAAP No Except	National Australia Bank Limited	30/01/2012 0:00	Discharged
All PAAP No Except	National Australia Bank Limited	30/01/2012 0:00	Discharged
All PAAP No Except	National Australia Bank Limited	30/01/2012 0:00	Discharged
Other Goods	Neilsens Concrete Pty. Ltd.; Neilsens Quality Gravels Pty. Ltd.	19/06/2018 16:58	
Other Goods	Onesteel Trading Pty Limited et al	24/04/2012 8:25	
Other Goods	Pacific Silica Pty Ltd	23/08/2017 14:08	Discharged
Other Goods	PGH Bricks & Pavers Pty Limited	11/11/2018 12:21	
Other Goods	Pivot Australia Pty Ltd	25/11/2014 15:06	
Other Goods	QWS Scaffolding (Aust) Pty Ltd	25/03/2020 18:02	Discharged
Other Goods	QWS Scaffolding (Aust) Pty Ltd	25/03/2020 18:02	Discharged
Motor Vehicle	QWS Scaffolding (Aust) Pty Ltd	25/03/2020 18:02	Discharged
Motor Vehicle	QWS Scaffolding (Aust) Pty Ltd	25/03/2020 18:02	Discharged
Other Goods	Samios Plumbing Pty Ltd	9/12/2013 16:44	
Other Goods	Sandcraze Pty. Ltd.	11/05/2020 9:15	
Other Goods	Sandcraze Pty. Ltd.	5/03/2019 11:59	Disclaimed
Other Goods	Sandcraze Pty. Ltd.	15/01/2018 9:33	Disclaimed
Other Goods	The Australian Steel Company (Operations) Pty Ltd	30/07/2015 15:47	

8. Appendix 1 – Company Information

PPSR security interest (RGDC)

Security Interests			
Collateral Class	Secured Party	Date Registered	Status
Other Goods	The Trustee For The Balchin Family Trust	25/03/2020 18:09	
Other Goods	The Trustee For The Balchin Family Trust	25/03/2020 18:09	
All PAAP No Except	Tiler Made Pty Ltd	6/04/2018 14:05	
Motor Vehicle	Toyota Finance Australia Ltd	30/09/2016 11:13	Discharged
Other Goods	Tradetools Pty Ltd; Tradetools Regional Pty Ltd	29/09/2018 12:55	Discharged
Other Goods	Waco Kwikform Limited	18/06/2013 9:36	
Other Goods	Waco Kwikform Limited	23/04/2015 15:52	
Other Goods	Waco Kwikform Limited	27/04/2012 15:19	
All PAAP With Except	Westpac Banking Corporation	30/01/2012 0:00	
All PAAP With Except	Westpac Banking Corporation	4/07/2016 8:28	
General Intangible	Westpac Banking Corporation	4/07/2016 8:28	
All PAAP No Except	Westpac Banking Corporation	30/01/2012 0:00	
All PAAP No Except	YFG Shopping Centres Ltd Pty As Trustee For The The Fu Family Trust	31/08/2016 14:18	
Account	Zardo, Peter	26/11/2015 10:11	
All PAAP No Except	Zardo, Peter	26/11/2015 10:11	

8. Appendix 1 – Company Information

Bank guarantee schedule

RGD Constructions Pty Ltd (Administrators Appointed and RGD Group Pty Ltd (Administrators Appointed)					
Provider	Beneficiary	Customer	Job Details	Expected Return Date	Amount (\$)
Active Projects					
YFG Shopping Centre	Stockwell ABC Pty Ltd	RGD Constructions Pty Ltd	Virtuoso Apartments	Dec-20	1,112,500
YFG Shopping Centre	Stockwell ABC Pty Ltd	RGD Constructions Pty Ltd	Virtuoso Apartments	Dec-20	1,112,500
YFG Shopping Centre	Buddina Urban Development Group Pty Ltd	RGD Constructions Pty Ltd	Hedge Apartments	Aug-20	675,000
				Total issued	2,900,000

8. Appendix 1 – Company Information

Related party loans

RGD Group Pty Ltd (Administrators Appointed)

Related Party Loans	ROCAP	Liquidation Low Return	Liquidation High Return
Loan to Southbank Waters Development	161.99	Nil	161.99
Loan to Maroochy Urban Renewal	68.10	Nil	68.10
RGD Constructions	1,799,931.00	Nil	Nil
Ron Grabbe	1,251,412.24	Nil	Nil
PK Family Trust	43,820.68	Nil	43,820.68
Kyle Grabbe	4,191.85	Nil	4,191.85
Total Related Party Debtors	3,099,585.86	Nil	48,242.62

RGD Constructions Pty Ltd (Administrators Appointed)

Related Party Loans	ROCAP	Liquidation Low Return	Liquidation High Return
Loan to Ron Grabbe	4,949,652.91	Nil	Nil
Loan to Grabbe and Hopes	142,801.06	Nil	Nil
Loan to Southbank Waters Development	146,372.71	Nil	146,372.71
RGD Group	60,214.83	Nil	Nil
Total Related Party Debtors	5,299,041.51	Nil	146,372.71

8. Appendix 1 – Company Information

Related party claims

RGD Group Pty Ltd (Administrators Appointed)

Related Party Claims per mgmt accounts	Amount
Loan from TERGD/YFRGD Group	37,253.36
Loan from RGD Project Management	11,312.09
Loan from Kawana Oceania Pty Ltd	353,716.54
RGD Constructions	60,214.83
Loan from Clark Group Holdings	1,167,366.25
Total Related Party Creditors	1,629,863.07

RGD Constructions Pty Ltd (Administrators Appointed)

Related Party Claims per mgmt accounts	Amount
Loan from Grabbe Enterprises	256,512.93
Loan from TERGD/YFRGD Group	245,746.84
Loan from RGD Project Management	60,801.38
Loan from Maroochy Urban Renewal	943,745.88
Loan from Kawaana Oceania Pty Ltd	489,518.94
RGD Group Pty Ltd	1,799,931.00
Loan from Greg Clark	3,825,589.00
Total Related Party Creditors	7,621,845.97

8. Appendix 1 – Company Information

Detailed profit and loss summaries

RGD Group Pty Ltd Profit and Loss

	Mgmt FY20	Audited FY19	Audited FY18	Audited FY17
A\$'000				
Revenue	10,738	11,483	26,362	27,454
Cost of Sales	(10,451)	(9,190)	(24,791)	(26,346)
Gross Profit	287	2,292	1,571	1,108
Other Revenue	28	131	(3,049)	2
Expenses				
Employee benefits	97	186	26	1
Borrowing costs	5	4	27	1
Professional services	197	154	10	1
Computer costs and support	53	7	0	0
Director Fees	226	295	53	0
Payroll Tax	8	30	4	0
Rent & Outgoings	20	34	0	0
Motor Vehicle Expense	17	37	3	0
Other expenses	514	73	9	2
Total Expenses	1,138	821	131	5
EBITDA	(822)	1,603	(1,610)	1,104
Depreciation	0	27	3	0
Amortisation costs	0	0	0	0
EBIT	(822)	1,576	(1,612)	1,104
Income tax	0	0	0	0
Interest expense	23	184	5	0
Net Profit	(845)	1,392	(1,618)	1,104

RGD Constructions Pty Ltd Profit and Loss

	Mgmt FY20	Audited FY19	Audited FY18	Audited FY17
A\$'000				
Revenue	3,258	51,814	20,666	49,582
Cost of Sales	(10,166)	(58,065)	(18,885)	(46,768)
Gross Profit	(6,907)	(6,251)	1,781	2,814
Other Revenue	0	(79)	2,058	1,778
Expenses				
Employee benefits	698	939	1,007	963
Borrowing costs	24	27	179	335
Professional services	125	445	767	400
Computer costs and support	55	108	146	204
Director Fees	192	238	228	133
Payroll Tax	88	163	154	180
Rent & Outgoings	74	113	118	120
Motor Vehicle Expense	21	35	39	82
Other expenses	1,025	205	283	733
Total Expenses	2,302	2,273	2,921	3,149
EBITDA	(9,209)	(8,603)	918	1,442
Depreciation	11	85	98	103
Amortisation costs	0	0	0	0
EBIT	(9,221)	(8,688)	820	1,339
Income tax	0	0	(27)	0
Interest expense	166	1,392	1,207	1,536
Net Profit	(9,387)	(10,080)	(360)	(197)

8. Appendix 1 – Company Information

Detailed balance sheet summaries

RGD Group Pty Ltd Balance Sheet				
	Mgmt FY20	Audited FY19	Audited FY18	Audited FY17
A\$'000				
Current Assets				
Cash and cash equivalents	13	1	1	332
Trade and other receivables	194	7,428	2,060	7,243
Inventories	631	633	411	308
Other current assets	3,052	2	2	0
Total Current Assets	3,890	8,064	2,474	7,883
Non-Current Assets				
Property, plant and equipment	168	163	24	0
Intangible Assets	0	0	1	1
Total Non-Current Assets	168	163	25	1
Total Assets	4,057	8,227	2,499	7,884
Current Liabilities				
Trade and other payables	1,045	4,235	2,245	6,552
Financial Liabilities	20	61	0	228
Current tax payable	0	220	(3)	38
Provisions	239	12	8	0
Other current liabilities	39	2,344	0	0
Total Current Liabilities	1,342	6,872	2,249	6,817
Non-Current Liabilities				
Trade and other payables	0	0	0	0
Financial Liabilities	1,718	98	100	0
Total Non-Current Liabilities	1,718	98	100	0
Total Liabilities	3,060	6,970	2,350	6,817
Net Assets	997	1,257	149	1,067

RGD Constructions Pty Ltd Balance Sheet				
	Mgmt FY20	Audited FY19	Audited FY18	Audited FY17
A\$'000				
Current Assets				
Cash and cash equivalents	59	48	750	69
Trade and other receivables	27	4,711	3,657	4,369
Inventories	0	31	5,119	1,901
Other current assets	5,299	53	37	187
Total Current Assets	5,386	4,843	9,562	6,527
Non-Current Assets				
Property, plant and equipment	804	364	492	412
Intangible Assets	0	0	0	0
Total Non-Current Assets	804	364	492	412
Total Assets	6,190	5,207	10,054	6,938
Current Liabilities				
Trade and other payables	2,182	11,299	7,490	4,376
Financial Liabilities	70	80	835	1,312
Current tax payable	9	0	0	161
Provisions	164	47	162	165
Other current liabilities	4	0	0	0
Total Current Liabilities	2,429	11,426	8,487	6,015
Non-Current Liabilities				
Trade and other payables	0	107	132	0
Financial Liabilities	7,668	0	0	73
Total Non-Current Liabilities	7,668	107	132	73
Total Liabilities	10,097	11,533	8,619	6,089
Net Assets	(3,906)	(6,326)	1,434	850



9. Appendix 2 – Investigations – Analysis and Information

9. Appendix 2 – Investigations – Analysis and Information

General information and considerations

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.
- Providing 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 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.

What is insolvency?

- Solvency is defined in s95A of the Act a 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 Companies' balance sheet position is still relevant).
- Further, an inquiry into whether a company is solvent at a particular time is generally assisted by determining whether the company exhibits any of the “usual indicia of insolvency.” The usual indicia of insolvency are consistent with a company being insolvent. However, it is important to note that a company may be insolvent without displaying all the usual indicia (and vice versa).

- Consideration of the entire financial position of the Company is required to establish if it is insolvent at a particular date. This includes factors such as the value of the Companies' 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 the Companies' solvency position.

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 merit of claims is generally required.
- Typically, insolvent trading claims are defended and a Director 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 cost 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 risk/benefits of pursuing an action not to be in the interest of creditors (for example, in cases where pursuing an action would use up available cash/assets when otherwise a small dividend to creditors could be paid). In these circumstances, it is possible 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.

9. Appendix 2 – Investigations – Analysis and Information

Solvency analysis

Usual indicia of insolvency

- We have considered the following usual indicia of insolvency in our analysis. Relevant indicia are discussed in the following pages:
 - The company has a history of continuing trading losses.
 - The company is experiencing cash flow difficulties.
 - The company is experiencing difficulties 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 Companies' 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 Companies' 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 Companies' bookkeeper, accountant or financial controller, have raised concerns about the Companies' ability to meet, and continue to meet, its financial obligations.
 - It is not certain 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 Companies' 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 that these are some of the factors that 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 that would indicate to a reasonable person that a company may be insolvent.

9. Appendix 2 – Investigations – Analysis and Information

Solvency analysis

Our approach to solvency

- We have assessed the solvency of the Companies by examining whether the Companies:
 - Were solvent under a balance sheet test of insolvency; and
 - Exhibited any of the usual indicia of insolvency.

Cash flow test

- We have been unable to undertake an independent cash flow test of each Company due to their consolidated financial and accounting systems. Further, as the Companies' activities were limited to specific development projects, project-based cashflows do not readily identify the Companies' individual cashflow position.

Balance sheet

- The tables opposite show the Companies' net asset position on a quarterly basis from June 2019 to April 2020, as per management accounts.
- RGDC appears to have not held a positive net asset position since at least June 2019. RGDC however appears to have held a positive net asset position until the date of our appointment. On review of the Companies' balance sheets, it suggests only RGDC had sufficient assets available to meet payment of its liabilities.
- Non-current assets and non-current liabilities in the balance sheet, however substantially consist of loans with related individuals and related entities in association with development projects. It is unclear whether the loan assets would be recoverable, had RGDC taken steps to realise these assets to support its cashflow needs.
- The balance sheet indicates that without potential repayment of the related party and development project loans, there would be insufficient current assets to meet the Companies' current liabilities.

RGD Group Pty Ltd (Administrators Appointed) Summary Balance Sheet

A\$'000	Jun-19	Sep-19	Dec-19	Apr-20
Total Current Assets	8,064	7,031	5,447	3,890
Total Non-Current Assets	163	163	165	168
TOTAL ASSETS	8,227	7,194	5,612	4,057
Total Current Liabilities	6,872	4,474	4,038	1,342
Total Non-Current Liabilities	6,970	1,057	338	1,718
TOTAL LIABILITIES	13,842	5,531	4,376	3,060
NET ASSETS	(5,615)	1,663	1,236	997

RGD Constructions Pty Ltd (Administrators Appointed) Summary Balance Sheet

A\$'000	Jun-19	Sep-19	Dec-19	Apr-20
Total Current Assets	4,843	2,833	305	5,386
Total Non-Current Assets	364	355	355	804
TOTAL ASSETS	5,207	3,188	660	6,190
Total Current Liabilities	11,426	4,641	2,892	2,429
Total Non-Current Liabilities	107	190	944	7,668
TOTAL LIABILITIES	11,533	4,830	3,837	10,097
NET ASSETS	(6,326)	(1,643)	(3,177)	(3,906)

Source: Management accounts and audited financial statements

9. Appendix 2 – Investigations – Analysis and Information

Solvency analysis

Working capital

- The tables show the working capital position (current assets minus current liabilities) for the Companies from June 2019 to April 2020 taken from the management accounts and audited financials.
- Current assets and liabilities considers those assets and liabilities due within the following year, and therefore ignores the timing of each one within that period. For this reason the Cash Flow test is preferred, which considers a shorter time period.
- RGDC appears to have a negative working capital position throughout the majority of the twelve (12) month period prior to our appointment. The positive working capital position as at April 2020 is due to a significant increase in a related party loan which is not considered to be realisable in a short period of time.
- RGDG however appears to have a positive working capital position throughout the twelve (12) month period prior to our appointment. Further, the increase in working capital between December 2019 and April 2020 is likely due to the funding provided by Greg Clark for the purpose of payment of outstanding liabilities to trade suppliers and sub-contractors of the Company.

RGD Group Pty Ltd (Administrators Appointed)				
Working Capital				
A\$'000	Jun-19	Sep-19	Dec-19	Apr-20
Total Current Assets	8,064	7,031	5,447	3,890
Total Current Liabilities	6,872	4,474	4,038	1,342
Working Capital	1,192	2,557	1,409	2,547

RGD Constructions Pty Ltd (Administrators Appointed)				
Working Capital				
A\$'000	Jun-19	Sep-19	Dec-19	Apr-20
Total Current Assets	4,843	2,833	305	5,386
Total Current Liabilities	11,426	4,641	2,892	2,429
Working Capital	(6,582)	(1,808)	(2,587)	2,957

Source: Management accounts and audited financial statements

9. Appendix 2 – Investigations – Analysis and Information

Solvency analysis

Trade creditors

- An analysis has been conducted of the overdue trade creditors, as recorded in the Companies' management accounts for June 2018, June 2019, December 2019 and April 2020, summarised in the table below. It is noted the Companies' management system was unable to produce separate Aged Trade Creditors and as such, the table below is a combination of both Companies.
- During the period of analysis, the Companies appear to have regularly paid trade creditors, after June 2018, outside of standard payment terms, indicated by the significant portion of overdue trade creditors outside of the 1-31 days category.
- The proportion of trade creditors greater than 90 days overdue increased significantly from December 2019 onwards.

Overdue Trade Creditors by Quarter					
A\$'000	30 Days	60 Days	90 Days	>90 Days	Total (\$)
Apr-20	17%	27%	5%	50%	787
Dec-19	13%	31%	35%	21%	3,823
Jun-19	51%	33%	11%	5%	13,019
Jun-18	62%	37%	0%	1%	7,212

Source: Management accounts

Non-payment of statutory taxes

- From our investigations, we understand the following:
 - The Companies were experiencing difficulties in meeting BAS and PAYG payments on time.
 - The Companies have unpaid superannuation accrued from at least Q3 FY20 onwards which was due on 28 May 2020 and is now a statutory SGC liability with the ATO.

Inability to obtain further funding

- From our investigations and discussions with Mr Greg Clark and the Director, we understand the Companies were having financial difficulties from at least August 2019 onwards, with Mr Greg Clark agreeing to provide financial funding during August 2019 through to February 2020.
- However by April 2020, Mr Clark had decided to withdraw any additional financial support due to concerns of the Companies financial stability.
- The Companies had limited other assets available to pledge for borrowing or additional financial support from other finance sources.



10. Appendix 3 – ARITA Creditor Information Sheet – Offences, Recoverable Transactions and Insolvent Trading

10. Appendix 3 – ARTIA Creditor Information Sheet – Offences, Recoverable Transactions and Insolvent Trading

Creditor Information Sheet Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by the administrator:

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim 'unreasonable payments' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect;
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Version: August 2017

22143 (VA) - INFO - Offences recoverable transactions and insolvent trading v1_1.docx1



11. Appendix 4 - DIRRI

11. Appendix 4 – DIRRI - RGDG

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES

RGD Group Pty Ltd (Administrators Appointed)
ACN 613 325 652 ("the Company")

This declaration is made in respect of us, John Park and Kelly-Anne Trenfield ("the Administrators"), our fellow Senior Managing Directors and Managing Directors, FTI Consulting (Australia) Pty Ltd ("FTI Consulting" or "Firm") and associated entities.

The purpose of this document is to assist creditors with understanding any relationships that the Administrators have and any indemnities or upfront payments that have been provided to the Administrators. None of the relationships disclosed in this document are such that the independence of the Administrators is affected.

This information is provided to you to enable you to make an informed assessment on any independence concerns, so you have trust and confidence in our independence and, if not, can act to remove and replace us if you wish.

A. INDEPENDENCE

We, John Park and Kelly-Anne Trenfield of FTI Consulting have undertaken an assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. DECLARATION OF RELATIONSHIPS

i. Circumstances of appointment

This appointment was referred to FTI Consulting by Porter Davies Lawyers, who has been assisting the Company's Director, Ron Grabbe, and its shareholder with legal matters surrounding the Company's financial difficulties. We believe that this referral does not result in us having a conflict of interest or duty because of the following reasons:

- Porter Davies Lawyers refers work to FTI Consulting from time to time. Neither the Administrators nor FTI Consulting have any formal or informal referral arrangements with Porter Davies 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 Porter Davies 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 Porter Davies 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 laws and the requirements of the ARITA Code of Professional Practice; and
- While FTI Consulting has in the past engaged Porter Davies Lawyers to provide legal advice, this has been for separate, non-related insolvency/restructuring engagements. Porter Davies Lawyers is one of

many external firms/organisations 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.

We had three (3) meetings with the Company's advisors and Director, Ron Grabbe, during the period 20 March 2020 and 8 May 2020 for the purposes of:

- To obtain sufficient information about the Company to enable discussion around the financial position of the Company;
- To explain the various forms of insolvency appointments, the options available, and the consequences of an insolvency appointment;
- To outline the process following an insolvency appointment; and
- For us to provide a Consent to Act.

We have received no remuneration for the information or advice provided to the Company's lawyers and Director during the above period or at any other time prior to our appointment.

In our opinion, these meetings do 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 Company is such that it would not be subject to review and challenge during the course of our appointment;
- No advice has been given to the directors in their capacity as directors of the Company, or in relation to their personal circumstances; and
- 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 Joint and Several Administrators of the Company in an objective and impartial manner.

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

ii. Relevant Relationships (excluding Professional Services to the Insolvent)

Neither we, nor FTI Consulting, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company, or any person or entity that has security over the whole, or substantially the whole of the Company's property.

iii. Prior Professional Services to the Insolvent

Neither we nor our Firm have provided any professional services to, or in relation to, the Company in the previous 24 months.

11. Appendix 4 – DIRRI - RGDG

iv. Group appointments

At the same time as this appointment, we were also appointed as Joint and Several Administrators of a related entity, RDG Constructions Pty Ltd (Administrators Appointed) ACN 100 177 928 on 8 May 2020 by a resolution of its Director, Ronald Per Hans Grabbe. A table setting out the relationship is provided below:

Name	Nature of relationship	Reasons
RDG Constructions Pty Ltd (Administrators Appointed) ACN 100 177 928	Related entity	We believe that this relationship does not result in a conflict of interest or duty because: ■ 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 Companies 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 of the Companies. ■ We are of the view that the appointment to the 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 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 dealing between the Companies may give rise to a conflict which may impact the outcome for creditors of the Companies, 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.

v. No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that is entitled to enforce a security interest in the whole or substantially the whole of the Company's property that should be disclosed.

C. INDEMNITIES AND UP-FRONT PAYMENTS

We have been provided with the following indemnities and/or upfront payments for the conduct of this administration:

Name	Relationship with the Company	Nature of indemnity or payment
Greg Clark	Shareholder of RGD Group Pty Ltd	\$55,000 payment

This does not include statutory indemnities. We have not received any other indemnities or upfront payments that should be disclosed.

Dated: 12 May 2020



John Park



Kelly Trenfield

NOTE:

1. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 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 Company'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.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

11. Appendix 4 – DIRRI - RGDC

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES

RGD Constructions Pty Ltd (Administrators Appointed) ACN 100 177 928 ("the Company")

This declaration is made in respect of us, John Park and Kelly-Anne Trenfield ("the Administrators"), our fellow Senior Managing Directors and Managing Directors, FTI Consulting (Australia) Pty Ltd ("FTI Consulting" or "Firm") and associated entities.

The purpose of this document is to assist creditors with understanding any relationships that the Administrators have and any indemnities or upfront payments that have been provided to the Administrators. None of the relationships disclosed in this document are such that the independence of the Administrators is affected.

This information is provided to you to enable you to make an informed assessment on any independence concerns, so you have trust and confidence in our independence and, if not, can act to remove and replace us if you wish.

A. INDEPENDENCE

We, John Park and Kelly-Anne Trenfield of FTI Consulting have undertaken an assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. DECLARATION OF RELATIONSHIPS

i. Circumstances of appointment

This appointment was referred to FTI Consulting by Porter Davies Lawyers, who has been assisting the Company's Director, Ron Grabbe, and its shareholder with legal matters surrounding the Company's financial difficulties. We believe that this referral does not result in us having a conflict of interest or duty because of the following reasons:

- Porter Davies Lawyers refers work to FTI Consulting from time to time. Neither the Administrators nor FTI Consulting have any formal or informal referral arrangements with Porter Davies 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 Porter Davies 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 Porter Davies 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 laws and the requirements of the ARITA Code of Professional Practice; and
- While FTI Consulting has in the past engaged Porter Davies Lawyers to provide legal advice, this has been for separate, non-related insolvency/restructuring engagements. Porter Davies Lawyers is one of

many external firms/organisations 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.

We had three (3) meetings with the Company's advisors and Director, Ron Grabbe, during the period 20 March 2020 and 8 May 2020 for the purposes of:

- To obtain sufficient information about the Company to enable discussion around the financial position of the Company;
- To explain the various forms of insolvency appointments, the options available, and the consequences of an insolvency appointment;
- To outline the process following an insolvency appointment; and
- For us to provide a Consent to Act.

We have received no remuneration for the information or advice provided to the Company's lawyers and Director during the above period or at any other time prior to our appointment.

In our opinion, these meetings do 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 Company is such that it would not be subject to review and challenge during the course of our appointment;
- No advice has been given to the directors in their capacity as directors of the Company, or in relation to their personal circumstances; and
- 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 Joint and Several Administrators of the Company in an objective and impartial manner.

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

ii. Relevant Relationships (excluding Professional Services to the Insolvent)

Neither we, nor FTI Consulting, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company, or any person or entity that has security over the whole, or substantially the whole of the Company's property.

iii. Prior Professional Services to the Insolvent

Neither we nor our Firm have provided any professional services to, or in relation to, the Company in the previous 24 months.

11. Appendix 4 – DIRRI - RGDC

iv. Group appointments

At the same time as this appointment, we were also appointed as Joint and Several Administrators of a related entity, RDG Group Pty Ltd (Administrators Appointed) ACN 613 325 652 on 8 May 2020 by a resolution of its Director, Ronald Per Hans Grabbe. A table setting out the relationship is provided below:

Name	Nature of relationship	Reasons
RDG Group Pty Ltd (Administrators Appointed) ACN 613 325 652	Related entity	We believe that this relationship does not result in a conflict of interest or duty because: ■ 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 Companies 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 of the Companies. ■ We are of the view that the appointment to the 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 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 dealing between the Companies may give rise to a conflict which may impact the outcome for creditors of the Companies, 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.

v. No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that is entitled to enforce a security interest in the whole or substantially the whole of the Company's property that should be disclosed.

C. INDEMNITIES AND UP-FRONT PAYMENTS

We have been provided with the following indemnities and/or upfront payments for the conduct of this administration:

Name	Relationship with the Company	Nature of indemnity or payment
Greg Clark	Shareholder of RGD Group Pty Ltd	\$45,000 payment

This does not include statutory indemnities. We have not received any other indemnities or upfront payments that should be disclosed.

Dated: 12 May 2020


 John Park


 Kelly Trenfield

NOTE:

1. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 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 Company'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.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.



12. Appendix 5 – Receipts and Payments

12. Appendix 5 – Receipts & Payments

RGD Group Pty Ltd (Administrators Appointed)	
Receipts and Payments: 8 May 2020 to 5 June 2020	\$
Receipts	
Administration Funding	55,000.00
Total Receipts	<u>55,000.00</u>
Payments	
IT Services	(1,457.50)
Total Payments	<u>(1,457.50)</u>
Net Receipts (Payments)	<u>\$ 53,542.50</u>

RGD Constructions Pty Ltd (Administrators Appointed)	
Receipts and Payments: 8 May 2020 to 5 June 2020	\$
Receipts	
Administration Funding	45,000.00
Pre-Appointment Cash at Bank	10,824.55
Sale Proceeds: Motor Vehicle	12,500.00
Total Receipts	<u>68,324.55</u>
Payments	
IT Services	(1,457.50)
Secured Creditor Distributions: Toyota Finance	(10,218.24)
Total Payments	<u>(11,675.74)</u>
Net Receipts (Payments)	<u>\$ 56,648.81</u>



13. Appendix 6 – Remuneration Approval Report

5 JUNE 2020

REMUNERATION APPROVAL REPORT

RGD GROUP PTY LTD (ADMINISTRATORS APPOINTED)

ACN 613 325 652

AND

RGD CONSTRUCTIONS PTY LTD (ADMINISTRATORS APPOINTED)

ACN 100 177 928

EXPERTS WITH **IMPACT**TM

Introduction

Information included in report

This remuneration approval report provides you with the information which the *Corporations Act 2001 (Cth)* (“the Act”) and the Code of Professional Practice published by the Australian Restructuring Insolvency and Turnaround Associations (“ARITA”) requires creditors to receive to make an informed decision regarding the approval of our remuneration for undertaking the Voluntary Administration of RGD Group Pty Ltd (Administrators Appointed) ACN 613 325 652 and RGD Constructions Pty Ltd (Administrators Appointed) ACN 100 177 928.

This report has the following information included:

Introduction.....	1
Part 1: Declaration.....	2
Part 2: Executive Summary.....	2
Part 3: Remuneration	2
Part 4: Disbursements	3
Part 5: Summary of Receipts and Payments.....	5
Part 6: Queries	5
Annexure 1: RGD Group Pty Ltd (Administrators Appointed).....	6
Annexure 2: RGD Constructions Pty Ltd (Administrators Appointed)	15
Appendix 3: FTI Consulting Schedule of Rates	24

Part 1: Declaration

Kelly-Anne Trenfield and I, John Park, of FTI Consulting have undertaken a proper assessment of the claims for remuneration for the appointment as Voluntary Administrators of RGD Group Pty Ltd (Administrators Appointed) ACN 613 325 652 and RGD Constructions Pty Ltd (Administrators Appointed) ACN 100 177 928 in accordance with the law and applicable professional standards. We are satisfied the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this appointment.

Part 2: Executive Summary

The total remuneration for this appointment for the period 8 May 2020 to 12 June 2020 (inclusive) for each entity, is summarised in Table 1 below:

Table 1: Remuneration currently claimed for each entity

Company	ACN	Report Reference	Amount (excl GST) \$
RGD Group Pty Ltd	613 325 652	Annexure 1	\$150,000.00
RGD Constructions Pty Ltd	100 177 928	Annexure 2	\$150,000.00
Total:			\$300,000.00

Part 3: Remuneration

Please refer to report section references detailed in Table 1 for full details of the calculation and composition of the remuneration approval sought.

Likely impact on dividends

The Act sets the order for payment of claims against the Company and it provides for remuneration of the Voluntary Administrators to be paid in priority to other claims. This ensures when there are sufficient funds, the Voluntary Administrators receive payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve remuneration, this does not guarantee we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets we are able to recover and the amount of creditor claims which are admitted to participate in any dividend, including any claims by priority creditors such as employees.

An estimate of the dividend payable to unsecured creditors is detailed in **Section 6** of the Report to Creditors. The amount and timing of any dividend is subject to a range of variables, particularly:

- realisations to date;
- estimated future realisations;
- my estimated remuneration to complete the Voluntary Administration, and Liquidation; and
- the estimated total of creditor claims based on the Company's records and claims lodged now.

The estimated dividend is subject to the outcome of the Second Meeting of Creditors and the quantum of claims admissible. Please refer to **Section 6** of the Report to Creditors for further details.

Part 4: Disbursements

Explanatory note on disbursements

Disbursements are divided into three (3) types:

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

Internal disbursements not charged at cost must be approved by creditors before we can draw the cost of those disbursements from this external administration.

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

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

Basis on which future disbursements will be charged

Future disbursements will be charged to the Administration on the basis of the FTI Consulting Internal Disbursement Rates as shown in Table 2 below.

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)
Table 2: FTI Consulting Disbursement Rates

Disbursement type	Charge Type	Charge Rate (excl GST)
Advertising	External, non-professional	At cost
ASIC Industry Funding Levy – registered liquidator metric events*	External, non-professional	At cost (at prescribed ASIC rates)
Couriers and deliveries	External, non-professional	At cost
Data Room Charges	External, professional	At cost
Facsimile	Internal (FTI)	Not charged
Legal Fees	External, professional	At cost
Postage	External, non-professional	At cost
Photocopying – internal	Internal (FTI)	Not charged
Photocopying – outsourced	External, non-professional	At cost
Printing – internal	Internal (FTI)	Not charged
Printing – outsourced	External, non-professional	At cost
Records costs – storage, destruction, boxes	External, non-professional	At cost
Search fees	External, non-professional	At cost
Staff motor vehicle use - mileage	Cents per km	At prescribed ATO rates
Staff travel – accommodation, meals etc	External, non-professional	At cost
Stationery and other incidental disbursements	External, non-professional	At cost
Telephone	Internal (FTI)	Not charged
Valuation Fees	External, professional	At cost
Other externally provided professional services		At cost
Other externally provided non-professional services		At cost

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

Part 5: Summary of Receipts and Payments

A summary of receipts and payments to and from the bank account for the Voluntary Administration for 8 May 2020 to 5 June 2020 appears at **Appendix 5** of the Report to Creditors which accompanies this report.

If any large or exceptional receipts and payments are received or made after this report is prepared but before the meeting at which this claim for remuneration will be considered, additional information will be provided at the meeting.

Part 6: Queries

If you have any queries or require any further information concerning our claim for remuneration, please contact this office on (07) 3225 4900 or via email on RGDEnquiries@fticonsulting.com.

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for “insolvency information sheets”).

Yours faithfully
FTI Consulting



John Park
Administrator

Our Ref: KLO_473831-9-2-rem

Annexure 1: RGD Group Pty Ltd (Administrators Appointed)

Remuneration

Remuneration currently claimed is summarised below in Table 1.

Table 1: Remuneration currently claimed

Period	Report Reference	Amount (excl GST) \$
Voluntary Administration		
Resolution 1: Remuneration from 8 May 2020 to 12 June 2020 (Inclusive)	Schedule 1	\$150,000.00
Total Voluntary Administration remuneration claimed		\$150,000.00

- Approval for the future remuneration sought is based on an estimate of the work necessary to complete the Administration. Should additional work beyond what is contemplated be necessary, further approval may be sought from creditors. If a lesser amount is incurred, we will limit our remuneration to the lesser amount.

Please refer to report section references detailed in Table 1 for full details of the calculation and composition of the remuneration approval sought.

Remuneration claim resolutions

We will be seeking approval of the following resolution to approve our remuneration. Details to support this resolution are shown immediately below the resolution and in the schedules to this report.

Resolution 1: Remuneration from 8 May 2020 to 12 June 2020 (inclusive)

The remuneration of the Voluntary Administrators of RGD Group Pty Ltd (Administrators Appointed) ACN 613 325 652 from 8 May 2020 to 12 June 2020 (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the FTI Consulting Standard Rates (Corporate Finance effective 1 April 2020 and Strategic Communications effective 1 April 2019), up to a capped amount of \$150,000 (exclusive of GST), and the Voluntary Administrators can draw the remuneration.

Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates which appear at Appendix 3 to this report.

At this stage, based on the information presently available to us, we consider it may be necessary to convene a further meeting of creditors to seek further approval from creditors. However, the position may change depending on the progress of the external administration and the issues which may arise.

Details to support resolutions

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedule 1 to this report.

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)
Resolution 1: Remuneration from 8 May 2020 to 12 June 2020 (inclusive)

Table 2 below sets out time charged to each major task area by staff members working on the Voluntary Administration from 8 May 2020 to 31 May 2020 (inclusive) which is included in the Resolution 1 claim. More detailed descriptions of the tasks performed within each task are, matching the amounts below, are contained in Schedule 1.

Table 2: Time charged to each major task are for the Voluntary Administration for the period 8 May 2020 to 31 May 2020 (inclusive)

Employee	Position	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Task Area											
					Assets		Creditors		Employees		Trade On		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
John Park	Senior Managing Director	720.00	19.30	13,896.00	0.00	0.00	1.40	1,008.00	0.00	0.00	0.00	0.00	0.00	0.00	17.90	12,888.00
Kelly-Anne Trenfield	Senior Managing Director	720.00	0.10	72.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	72.00
Claire Packer	Managing Director	660.00	43.30	28,578.00	2.70	1,782.00	20.30	13,398.00	0.80	528.00	0.60	396.00	0.60	396.00	18.30	12,078.00
Jeremy Dalais	Senior Consultant I	430.00	50.80	21,844.00	2.20	946.00	38.30	16,469.00	3.30	1,419.00	0.00	0.00	0.60	258.00	6.40	2,752.00
Kathleen O'Connor	Consultant I	360.00	55.20	19,872.00	0.30	108.00	35.40	12,744.00	0.80	288.00	0.00	0.00	3.40	1,224.00	15.30	5,508.00
Megan Crockett	Junior Associate	220.00	20.60	4,532.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.60	4,532.00
Administration	Administration 2	220.00	24.00	5,280.00	0.00	0.00	0.50	110.00	0.00	0.00	0.00	0.00	0.00	0.00	23.50	5,170.00
Total			213.30	94,074.00	5.20	2,836.00	95.90	43,729.00	4.90	2,235.00	0.60	396.00	4.60	1,878.00	102.10	43,000.00
GST				9,407.40												
Total (including GST)				\$ 103,481.40												
Average hourly rate (excluding GST)				441.04		545.38		455.99		456.12		660.00		408.26		421.16

The below table sets out time charged by non-insolvency professional services provided by the firm for the period 8 May 2020 to 31 May 2020 (inclusive). The figures in Table 3 below, along with the figures in Table 2 and Table 4, are included in Resolution 1.

Table 3: Time charged for services provided by FTI Strategic Communications for the period 8 May 2020 to 31 May 2020 (inclusive)

Employee	Position	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Task Area	
					Strategic Communications	
					Hrs	\$
Shannon Walker	Senior Director	575.00	3.80	2,185.00	3.80	2,185.00
Sinclair Hill	Consultant	350.00	1.00	350.00	1.00	350.00
Total			4.80	2,535.00	4.80	2,535.00
GST				253.50		
Total (including GST)				\$ 2,788.50		
Average hourly rate (excluding GST)				528.13		528.13

Table 4: Expected costs for the major tasks from 1 June 2020 to 12 June 2020 (inclusive)

\$	Total	Task Area					
		Assets	Creditors	Employees	Investigation	Administration	Strategic Communications
Total (est)	\$53,391.00	\$4,000.00	\$28,391.00	\$2,000.00	\$10,000.00	\$7,000.00	\$2,000.00
GST	\$5,339.10	\$400.00	\$2,839.10	\$200.00	\$1,000.00	\$700.00	\$200.00
Total (incl GST)	\$58,730.10	\$4,400.00	\$31,230.10	\$2,200.00	\$11,000.00	\$7,700.00	\$2,200.00

Total remuneration reconciliation

We initially estimated \$50,000 (exclusive of GST) in the Initial Remuneration Notices dated 12 May 2020. The increase in remuneration beyond the initial estimate is primarily due to the following matters:

- Significant additional procedures and practices to conduct the Administration whilst maintaining compliance with government restrictions as a direct consequence of the COVID-19 pandemic;
- Liaising with the principals of various projects and their advisors in relation to the status of the projects and the drawdown of the bank guarantees;
- Liaising with an interested party and their advisers in relation to a DOCA proposal;
- Dealing with high level of PPSA registrations and their associated claims; and
- Increased communication with creditors.

Remuneration recovered from external sources

In accordance with clause 15.4 of the ARITA Code of Professional Practice, a Voluntary Administrator must disclose and obtain creditor approval for any remuneration that will be paid from external sources (other than payments under the Fair Entitlements Guarantee Act or the Australian Securities and Investments Commission ("ASIC") Assetless Administration Fund).

We received an up-front of \$55,000 to cover our initial remuneration and expenses associated with the appointment as Voluntary Administrators of the Company. These funds are presently held in the relevant Administration bank account.

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

Disbursements

Table 5: Cost of external disbursements claimed

Disbursements Claimed	Basis of Charge excl GST \$	Amount \$
Externally provided non-professional services		
Meal Expenses	At cost	26.39
Searches	At cost	29.40
Staff Travel – Mileage	At cost	132.69
Staff Travel – Parking	At cost	66.37
Total (excluding GST)		254.85
GST		25.49
Total (including GST)		\$280.34

Schedule 1: Table of major tasks for Resolution 1 remuneration approval

Table 6 below provides a description of the work undertaken during the period 8 May 2020 to 31 May 2020 (inclusive) and future work to be undertaken in each major task area from 1 June 2020 to 12 June 2020 (inclusive).

Table 6: Work undertaken and future work to be undertaken from 8 May 2020 to 12 June 2020 (inclusive)

Task Area	General Description	Includes
Assets	Cash and Bank Accounts	▪ Communications with Banks to transfer funds ▪ Receipting and reconciling bank accounts
	Debtors and Related Party Loans	▪ Reviewing the Company's books and records to determine outstanding amounts owing from debtors ▪ Assessing debtor ledgers ▪ Correspondence with debtors
	Plant and Equipment and Motor Vehicles	▪ Liaising with key staff to obtain information on location of assets for collection and valuation ▪ Corresponding with Grays Online regarding the collection and valuation of assets
	Insurance Claims	▪ Liaise with key staff and insurance broker in order to collate information in relation to insurance claims ▪ Identifying potential issues required attention of insurance specialists
	Bank Guarantees	▪ Corresponding with parties who hold active bank guarantees
Creditors	Creditor Enquires	▪ Reviewing and preparing correspondence to creditors and their representatives ▪ Responding to creditors and their representatives via telephone, email and post

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

Task Area	General Description	Includes
	PPSR Secured Parties	▪ Notifying PPS registered creditors of appointment ▪ Investigating PPSR claims and security documentation ▪ Responding to secured creditor queries ▪ Correspondence with PPSR charge holders regarding disclaimer of property ▪ Preparation and issuance of disclaimer notices to PPSR creditors
	Creditor Reports & Circulars	▪ Preparing, reviewing and issuing initial circular to creditors ▪ Preparing and issuing Statutory Report for the first meeting of creditors ▪ Corresponding with creditors regarding COVID-19 restrictions and virtual meeting procedure and registration requirements ▪ Providing DIRRI and initial advice on remuneration ▪ Preparing and issuing Section 75-225 report, investigation, meeting and report to creditors
	Dealing with Proofs of Debts (PODs) not relating to Dividend	▪ Receipting and filing PODs received for first meeting of creditors ▪ Maintaining POD register ▪ Corresponding with ATO regarding POD when not related to dividend

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

Task Area	General Description	Includes
	Meeting of Creditors	▪ Preparing meeting notices, proxies and advertisements ▪ Providing notice of meeting to all known creditors ▪ Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting ▪ Corresponding with creditors regarding registration and attendance at virtual meeting due to COVID-19 restrictions ▪ Internal discussions regarding first meeting procedures including additional procedures due to COVID-19 restrictions ▪ Responding to queries arising from meeting ▪ Preparing the minutes of the meeting for lodgement with ASIC
Employees	Employee Enquiries	▪ Receiving and dealing with employee enquiries ▪ Responding to employee enquiries by telephone and email ▪ Communications with employees concerning entitlements
	Calculating entitlements	▪ Reviewing employee files and company books and records ▪ Determining employee entitlements
	Other issues	▪ Communications with Fair Entitlement Guarantee (FEG) scheme ▪ Correspondence with HR regards to information request from WorkCover and Company's application for JobKeeper.
Trade On	Trade On Management	▪ Correspondence with management for information and defects on key development projects

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

Task Area	General Description	Includes
Investigation	Conducting Investigation	▪ Collecting Company books and records ▪ Reviewing Company books and records ▪ Investigating and understanding Company nature and history ▪ Conducting and summarising statutory searches ▪ Reviewing specific transactions (including related party loans) ▪ Liaising with the management regarding certain transactions ▪ Preparing investigation file ▪ Conducting solvency analysis based on financial records ▪ Conducting investigations into potential voidable transactions which may be recoverable in a Liquidation scenario ▪ Investigating potential offences of directors and officers ▪ Communications with directors and/or officers concerning Company information
Administration	Appointment	▪ Communicating with the Company Director (including ROCAP packs) ▪ Advising third parties of appointment including ATO, OSR and utilities ▪ Notifying other various parties of our appointment ▪ Communicating with the shareholder and his advisors in respect to our appointment ▪ Receiving and processing appointment documents
	ASIC Lodgements	▪ Preparing and lodging ASIC forms including 505, 511 etc ▪ Preparing and lodging DIRRI with ASIC ▪ Corresponding with ASIC regarding statutory forms
	ATO and other statutory reporting	▪ Notification of appointment

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

Task Area	General Description	Includes
	Bank account administration	▪ Preparing correspondence regarding opening and/or closing accounts ▪ Requesting bank statements ▪ Entering receipts and payments into accounting system ▪ Reconciliation of bank accounts
	Insurance	▪ Corresponding with insurer regarding initial and ongoing insurance requirements
	General	▪ Word processing including correspondence, file notes, agendas and minutes ▪ Care and maintenance of the file ▪ Scanning and filing of documents
	Document maintenance/file review/checklist	▪ Administration review ▪ Document filing and maintenance ▪ File reviews ▪ Updating checklists
	Planning/Review	▪ Discussions regarding status of administration ▪ Internal meetings regarding the administration
Strategic Communications	Strategic Communications	▪ Responding to enquiries from local and national media ▪ Preparing messaging and briefing materials for media ▪ Media monitoring

Annexure 2: RGD Constructions Pty Ltd (Administrators Appointed)

Remuneration

Remuneration currently claimed is summarised below in Table 1.

Table 1: Remuneration currently claimed

Period	Report Reference	Amount (excl GST) \$
Voluntary Administration		
Resolution 1: Remuneration from 8 May 2020 to 12 June 2020 (inclusive)	Schedule 1	\$150,000.00
Total Voluntary Administration remuneration claimed		\$150,000.00

- Approval for the future remuneration sought is based on an estimate of the work necessary to complete the administration. Should additional work beyond what is contemplated be necessary, further approval may be sought from creditors. If a lesser amount is incurred, we will limit our remuneration to the lesser amount.

Please refer to report section references detailed in Table 1 for full details of the calculation and composition of the remuneration approval sought.

Remuneration claim resolutions

We will be seeking approval of the following resolution to approve our remuneration. Details to support this resolution are shown immediately below the resolution and in the schedules to this report.

Resolution 1: Remuneration from 8 May 2020 to 12 June 2020 (inclusive)

The remuneration of the Voluntary Administrators of RGD Constructions Pty Ltd (Administrators Appointed) ACN 100 177 928 from 8 May 2020 to 12 June 2020 (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the FTI Consulting Standard Rates (Corporate Finance & Restructuring effective 1 April 2020 and Strategic Communications effective 1 April 2019), up to a capped amount of \$150,000 (exclusive of GST), and the Voluntary Administrators can draw the remuneration.

Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates which appear at Appendix 3 to this report

At this stage, based on the information presently available to us, we consider it may be necessary to convene a further meeting of creditors to seek further approval from creditors. However, the position may change depending on the progress of the external administration and the issues which may arise.

Details to support resolutions

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedule 1 to this report.

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)
Resolution 1: Remuneration from 8 May 2020 to 12 June 2020 (inclusive)

The below Table 2 sets out the expected costs for the major tasks likely to be performed by the voluntary administrators and their staff from 8 May 2020 to 31 May 2020 (inclusive) which is the included in the Resolution 1 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Schedule 1.

Table 2: Time charged to each major task are for the Voluntary Administration for the period 8 May 2020 to 31 May 2020 (inclusive)

Employee	Position	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Task Area											
					Assets		Creditors		Employees		Trade On		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
John Park	Senior Managing Director	720.00	10.90	7,848.00	0.00	0.00	1.40	1,008.00	0.00	0.00	0.00	0.00	0.00	0.00	9.50	6,840.00
Kelly-Anne Trenfield	Senior Managing Director	720.00	0.10	72.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	72.00
Claire Packer	Managing Director	660.00	50.20	33,132.00	4.30	2,838.00	24.40	16,104.00	3.40	2,244.00	1.40	924.00	0.60	396.00	16.10	10,626.00
Jeremy Dalais	Senior Consultant I	430.00	52.70	22,661.00	2.10	903.00	38.20	16,426.00	5.40	2,322.00	0.00	0.00	0.60	258.00	6.40	2,752.00
Marco Bozzetto	Senior Consultant I	430.00	0.70	301.00	0.00	0.00	0.70	301.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kathleen O'Connor	Consultant I	360.00	56.70	20,412.00	3.50	1,260.00	32.80	11,808.00	0.80	288.00	0.00	0.00	3.40	1,224.00	16.20	5,832.00
Megan Crockett	Junior Associate	220.00	23.20	5,104.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23.20	5,104.00
Administration	Administration 2	220.00	25.00	5,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00	5,550.00
Administration	Administration 1	185.00	0.40	74.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	74.00
Total			219.90	95,104.00	9.90	5,001.00	98.10	45,779.00	9.60	4,854.00	1.40	924.00	4.60	1,878.00	96.30	36,668.00
GST				9,510.40												
Total (including GST)				\$ 104,614.40												
Average hourly rate (excluding GST)				432.49		505.15		466.66		505.63		660.00		408.26		380.77

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

The below table sets out time charged by non-insolvency professional services provided by the firm for the period 8 May 2020 to 31 May 2020 (inclusive). The figures in Table 3 below, along with the figures in Table 2 and Table 4, are included in Resolution 1.

Table 3: Time charged for services provided by FTI Strategic Communications for the period 8 May 2020 to 31 May 2020 (inclusive)

Employee	Position	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Task Area	
					Strategic Communications	
					Hrs	\$
Shannon Walker	Senior Director	575.00	3.75	2,156.25	3.75	2,156.25
Sinclair Hill	Consultant	350.00	1.00	350.00	1.00	350.00
Total			4.75	2,506.25	4.75	2,506.25
GST				250.63		
Total (including GST)				\$ 2,756.88		
Average hourly rate (excluding GST)				527.63		527.63

Table 4: Expected costs for the major tasks from 1 June 2020 to 12 June 2020 (inclusive)

\$	Total	Task Area					
		Assets	Creditors	Employees	Investigation	Administration	Strategic Communications
Total (est)	\$52,389.75	\$4,000.00	\$24,389.75	\$5,000.00	\$10,000.00	\$7,000.00	\$2,000.00
GST	\$5,238.98	\$400.00	\$2,438.98	\$500.00	\$1,000.00	\$700.00	\$200.00
Total (incl GST)	\$57,628.73	\$4,400.00	\$26,828.73	\$5,500.00	\$11,000.00	\$7,700.00	\$2,200.00

Total remuneration reconciliation

We initially estimated \$40,000 (exclusive of GST) for each of the individual Administrations in their Initial Remuneration Notices dated 12 May 2020. The increase in remuneration beyond the initial estimate is primarily due to the following matters:

- Significant additional procedures and practices to conduct the Administration whilst maintaining compliance with government restrictions as a direct consequence of the COVID-19 pandemic;
- Liaising with the principals of various projects and their advisors in relation to the status of the projects and the drawdown of the bank guarantees;
- Liaising with an interested party and their advisors in relation to a DOCA proposal;
- Dealing with high level of PPSA registrations and their associated claims; and
- Increased communication with creditors.

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

Remuneration recovered from external sources

In accordance with clause 15.4 of the ARITA Code of Professional Practice, a Voluntary Administrator must disclose and obtain creditor approval for any remuneration that will be paid from external sources (other than payments under the Fair Entitlements Guarantee Act or the Australian Securities and Investments Commission ("ASIC") Assetless Administration Fund).

We received an up-front of \$45,000 to cover our initial remuneration and expenses associated with our appointment as Voluntary Administrators of the Company. These funds are presently held in the relevant Administration bank account.

Disbursements

Table 5: Cost of external disbursements claimed

Disbursements Claimed	Basis of Charge excl GST \$	Amount \$
Externally provided non-professional services		
Meal Expenses	At cost	26.39
Staff Travel – Mileage	At cost	132.70
Staff Travel – Parking	At cost	66.36
Total (excluding GST)		225.45
GST		22.54
Total (including GST)		\$247.99

Schedule 1: Table of major tasks for Resolution 1 remuneration approval

Table 6 below provides a description of the work undertaken during the period 8 May 2020 to 31 May 2020 (inclusive) and future work to be undertaken in each major task area from 1 June 2020 to 12 June 2020 (inclusive).

Table 6: Work to be undertaken from 8 May 2020 to 12 June 2020 (inclusive)

Task Area	General Description	Includes
Assets	Cash and Bank Accounts	▪ Communications with Banks to transfer funds ▪ Receipting and reconciling bank accounts
	Debtors and Related Party Loans	▪ Reviewing the Company's books and records to determine outstanding amounts owing from debtors
	Plant and Equipment and Motor Vehicles	▪ Liaising with key staff to obtain information on location of assets for collection and valuation ▪ Negotiation and correspondence with interested parties regarding offers to purchase vehicles and plant and equipment assets ▪ Receipting of sale proceeds ▪ Corresponding with secured party regarding sale and payment of outstanding debt ▪ Corresponding with Grays Online regarding the collection and valuation of assets
	Real Estate	▪ Correspondence with Landlord regarding lease details and the administration process ▪ Preparing and issuing notice not to exercise property rights to Landlord ▪ Liaising with Landlord regarding matters concerning the property
	Insurance Claims	▪ Liaise with key staff and insurance broker in order to collate information in relation to insurance claims ▪ Identifying potential issues required attention of insurance specialists
	Bank Guarantees	▪ Corresponding with parties who hold active bank guarantees

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

Task Area	General Description	Includes
Creditors	Creditor Enquires	▪ Reviewing and preparing correspondence to creditors and their representatives ▪ Responding to creditors and their representatives via telephone, email and post
	PPSR Secured Parties	▪ Notifying PPS registered creditors of appointment ▪ Investigating PPSR claims and security documentation ▪ Responding to secured creditor queries ▪ Correspondence with PPSR charge holders regarding disclaimer of property ▪ Preparation and issuance of disclaimer notices to PPSR creditors
	Creditor Reports & Circulars	▪ Preparing, reviewing and issuing initial circular to creditors ▪ Preparing and issuing Statutory Report for the first meeting of creditors ▪ Corresponding with creditors regarding COVID-19 restrictions and virtual meeting procedure and registration requirements ▪ Providing DIRRI and initial advice on remuneration ▪ Preparing and issuing Section 75-225 report, investigation, meeting and report to creditors
	Dealing with Proofs of Debts (PODs) not relating to Dividend	▪ Receipting and filing PODs received for first meeting of creditors ▪ Maintaining POD register ▪ Corresponding with ATO regarding POD when not related to dividend

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

Task Area	General Description	Includes
	Meeting of Creditors	▪ Preparing meeting notices, proxies and advertisements ▪ Providing notice of meeting to all known creditors ▪ Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting ▪ Corresponding with creditors regarding registration and attendance at virtual meeting due to COVID-19 restrictions ▪ Internal discussions regarding first meeting procedures including additional procedures due to COVID-19 restrictions ▪ Responding to queries arising from meeting ▪ Preparing the minutes of the meeting for lodgement with ASIC
Employees	Employee Enquiries	▪ Receiving and dealing with employee enquiries ▪ Responding to employee enquiries by telephone and email ▪ Communications with employees concerning entitlements
	Calculating entitlements	▪ Reviewing employee files and company books and records ▪ Determining employee entitlements
	Other issues	▪ Communications with Fair Entitlement Guarantee (FEG) scheme ▪ Correspondence with HR regards to information request from WorkCover and Company's application for JobKeeper.
Trade On	Trade On Management	▪ Correspondence with management for information and defects on key development projects

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

Task Area	General Description	Includes
Investigation	Conducting Investigation	▪ Collecting Company books and records ▪ Reviewing Company books and records ▪ Investigating and understanding Company nature and history ▪ Conducting and summarising statutory searches ▪ Reviewing specific transactions (including related party loans) ▪ Liaising with the management regarding certain transactions ▪ Preparing investigation file ▪ Conducting solvency analysis based on financial records ▪ Conducting investigations into potential voidable transactions which may be recoverable in a Liquidation scenario ▪ Investigating potential offences of directors and officers ▪ Communications with directors and/or officers concerning Company information
Administration	Appointment	▪ Communicating with the Company director (including ROCAP packs) ▪ Advising third parties of appointment including ATO, OSR and utilities ▪ Notifying other various parties of our appointment ▪ Receiving and processing appointment documents
	ASIC Lodgements	▪ Preparing and lodging ASIC forms including 505, 511 etc ▪ Preparing and lodging DIRRI with ASIC ▪ Corresponding with ASIC regarding statutory forms
	ATO and other statutory reporting	▪ Notification of appointment

RGD Group Pty Ltd (Administrators Appointed) and RGD Constructions Pty Ltd (Administrators Appointed)

Task Area	General Description	Includes
	Bank account administration	▪ Preparing correspondence regarding opening and/or closing accounts ▪ Requesting bank statements ▪ Entering receipts and payments into accounting system ▪ Reconciliation of bank accounts
	Insurance	▪ Corresponding with insurer regarding initial and ongoing insurance requirements
	General	▪ Word processing including correspondence, file notes, agendas and minutes ▪ Care and maintenance of the file ▪ Scanning and filing of documents
	Document maintenance/file review/checklist	▪ Administration review ▪ Document filing and maintenance ▪ File reviews ▪ Updating checklists
	Planning/Review	▪ Discussions regarding status of administration ▪ Internal meetings regarding the administration
Strategic Communications	Strategic Communications	▪ Responding to enquiries from local and national media ▪ Preparing messaging and briefing materials for media ▪ Media monitoring

Appendix 3: FTI Consulting Schedule of Rates

FTI Consulting Standard Rates effective 1 April 2020 (excluding GST)		
Corporate Finance & Restructuring		
Typical classification	Standard Rates \$/hour	General guide to classifications
Senior Managing Director/Appointee	720	Registered Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	660	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	580	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	520	Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant 2	470	Typically an Australian Restructuring Insolvency & Turnaround Association professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	430	Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	390	Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations.
Consultant 1	360	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	335	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	300	Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	220	Undergraduate in the latter stage of their university degree.
Administration 2	220	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping, accounting support services or similar skills.
Junior Accountant	170	Undergraduate in the early stage of their university degree.
Administration 1	185	Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills.

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review.

FTI Consulting Standard Rates effective 1 April 2019 (excluding GST)		
Strategic Communications		
Typical classification	\$/hour	General guide to classifications
Senior Managing Director	675	Specialist skills and extensive experience in all forms of strategic communications. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to corporate communications.
Managing Director/ Senior Advisor	625	Extensive experience in managing large, complex engagements at a very senior level over many years. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to corporate communications.
Senior Director	575	Extensive experience in managing large, complex engagements at a very senior level over many years. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	510	Significant experience across all types of communications. Strong technical and commercial skills. Has primary conduct of small to large projects, controlling a team of professionals. Answerable to the senior director, but otherwise responsible for all aspects of the project. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant	425	Assists with the planning and control of small to medium projects. May have the conduct of minor projects. Can supervise staff. Has experience performing more difficult tasks on larger projects.
Consultant	350	Qualified consultant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate	250	Typically a university undergraduate or graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Administration	150	Has appropriate skills and experience to support professional staff in an administrative capacity.



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About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at www.fticonsulting.com.