28 February 2023

TRIBE BREWING PTY LTD ACN 624 824 193
AND ITS SUBSIDIARIES AS LISTED IN SCHEDULE 1
(ALL ADMINISTRATORS APPOINTED)
(TOGETHER "THE COMPANIES")

CIRCULAR TO EMPLOYEES

Joseph Hansell and I, Christopher Hill, were appointed as Voluntary Administrators of the Companies on 28 February 2023 by a resolution of the Companies' director.

I am writing to explain how the appointment of the Administrators affects you. Our appointment means that the powers and authority of the Companies director has been suspended. Control of the Companies' business, property and affairs now rests with the Administrators.

ONGOING TRADING

At this stage, we are continuing to trade the Companies' business as we review its financial position, operations and determine the forward strategy, including commencing an immediate process for the sale or recapitalisation of the Companies.

Importantly, you will continue to remain employed by the Companies to perform your customary duties and responsibilities in accordance with the terms and conditions of your employment contract, as well as other duties and responsibilities which you may be required to perform by either myself or my fellow Administrator (or our representatives) from time to time.

Please note the following regarding your ongoing employment:

- The Companies will continue to pay your wages and other applicable entitlements under your contract of employment in the ordinary course.
- Your contract of employment has not been personally adopted by the Administrators and we do not employ you in our capacity as Administrators. At all times your employment (and any contract of employment) remains with the relevant employing entity.
- If employees have any particular concerns or issues they wish to raise in confidence you should contact one of our staff directly.

As a consequence of our appointment, there may be alternate procedures and processes implemented, including the ordering of goods and services, accepting deliveries and/or other purchasing and operational matters.

Please note, without the express authority of the Administrators or our representatives, you must not, nor must you permit anyone else to:

(i) Place any orders for goods or services;

(ii) Accept delivery of any goods or services, unless they are the subject of a duly authorised order;

(iii) Supply any services to customers or dispatch any goods to customers;

(iv) Enter into any commitments with suppliers or customers;

(v) Make any compromise or arrangement with any debtor or creditor of the Companies, including the allowance of any set-offs;

(vi) Incur any debts or liabilities in the name of the Companies or pledge its assets;

(vii) Return any goods to suppliers;

(viii) Make any payments; and

(ix) Remove any assets from the Companies' custody or control.

Every invoice, order for goods, business letter, or other external document must have the words "(Administrators Appointed)" immediately following the name of the company.

All assets of the Companies must be secured against theft.

All known breaches of the law or regulations (e.g. health, safety, hygiene, fire, etc) are to be notified to us in writing immediately.

UNPAID ENTITLEMENTS

Please note we are not personally liable in relation to your employment prior to our appointment as Administrators.

Employees of the Companies have a statutory priority for payment of outstanding entitlements such as wages, superannuation, annual leave and long service leave.

We are reviewing the entitlements owing to employees based upon the Companies' records and will write to you in due course once this review is complete.

MORE INFORMATION

For more information generally, we have **attached** an ASIC information sheet for employees. Additional information sheets can be obtained at www.asic.gov.au (search for 'insolvency information sheets').

Also **attached** are frequently asked questions which are relevant to employees.

We appreciate your support for the Companies during this difficult time.

Should you have any queries in relation to this matter, please contact this office on (02) 8247 8000 or by email at TribeEmployees@fticonsulting.com.

Yours faithfully

Christopher Hill
Joint and Several Administrator

Schedule 1

SCHEDULE OF COMPANIES

Company name	ACN	ABN
Tribe Breweries Pty Ltd	621 106 027	77 621 106 027
Tribe Brands Pty Ltd	137 498 116	92 137 498 116
Tribe Brewing Pty Ltd	624 824 193	28 624 824 193
Tribe Partner Brewing Pty Ltd	622 079 163	45 622 079 163
Tribe Venues Pty Ltd	618 469 864	37 618 469 864
Brewpack Pty Limited	157 770 575	38 157 770 575
Macarthur Grange Brewery Pty Ltd	164 127 235	96 164 127 235

Frequently Answered Questions (FAQ's): Employees

1. *What is the decision Tribe Breweries is announcing today?*

Tribe Breweries, which includes the entities listed in Schedule 1 (collectively "Tribe" or "the Companies") entered voluntary administration on 28 February 2023.

Christopher Hill and Joseph Hansell, of FTI Consulting have been appointed as voluntary administrators of Tribe ("Administrators").

2. *How do I know I am going to be paid? My Wages? My Super?*

The Administrators are required by law to ensure that all services they incur from the date of their appointment, including wages and superannuation is paid. As the Administrators intend on continuing to operate on a business-as-usual basis, all wages, superannuation and other employee on costs incurred by the Administrators will be met by them in the ordinary course of business.

3. *What is the Voluntary Administration process?*

When a business experiences significant financial difficulty, it can be placed into administration voluntarily by the business' directors.

Voluntary administration is a process in which a voluntary administrator is appointed to take control of the business, and to review operations 'with a clean set of eyes' in order to explore restructuring options that are likely to maximise the value of the restructured business for all stakeholders.

A voluntary administrator is an independent business advisor who is required to be registered with the Australian Securities and Investments Commission ("ASIC").

The voluntary administration process also provides the company with some 'breathing space' in relation to creditor claims and allows the administrator the opportunity to consider what alternative options may be available to maximise the chance of the company's survival.

With regard to Tribe, the Administrators' intent is to undertake a process that maximises the prospects of Tribe emerging from the administration in a sustainable and viable position into the future.

Please see accompanying ASIC Information Sheet 75 Voluntary Administration: A guide for employees.

4. *Why is this happening?*

The director has advised the Administrators that the decision to place Tribe into voluntary administration is due to:

- The broader economic and business uncertainty that current faces Tribe, with inflation and supply chain constraints making it more challenging to conduct business;

- The extreme weather events in New South Wales that have impacted production; and
- Tribe's current debt levels are unsustainable and require restructuring to maximise the potential for Tribe to continue operating as a going concern.

The director of the Companies has determined that the Companies are, or will likely become, insolvent. As a result, the director has placed the Companies into voluntary administration pursuant to the *Corporations Act* to allow the Administrators to:

- Conduct a review of the business and investigate the Companies' affairs; and
- Determine the options available to the Companies, including identifying restructuring initiatives available to the business which may enable it to emerge post the administration process in a more sustainable position.

The Administrators will conduct their own enquiries into the reasons Tribe was placed into administration, and will formally report back to creditors and employees.

5. What does this mean?

The Administrators have taken control of the Companies and with the support of Tribe's management, intend on continuing to operate the Tribe business, servicing its customers across Australia.

All employees of the Companies will remain in place and are expected to continue to perform their duties on a business-as-usual basis, unless otherwise notified by the Administrators.

The length of the administration process from appointment to completion is likely to be at least one to two months, however this may be extended should the Administrators consider that a longer period of administration is required.

6. What is the intention of the Administrator?

It is the intention of the Administrators to continue to operate the Companies on a business-as-usual basis during the administration process with the assistance of the Companies' management.

The Administrators will conduct an urgent review of the business' operations in order to determine the ongoing viability and sustainability of the business, with a view to ensuring the maximum value of the Tribe business is preserved for the benefit of the Companies' creditors, which includes the Companies' employees.

Following their review, the Administrators may take steps to restructure parts of the business before proposing one of the three options listed below to creditors to end the administration period. The Administrators will also run a sales process to gauge interest from third parties to acquire the business.

Prior to the second meeting of creditors, the Administrators, will prepare a report to creditors which will make a recommendation in relation to the future of the Companies. The three options available in relation to the future of each of the Companies (either separately or collectively) are:

- Liquidation; or

- Return control of the Companies to its directors; or
- Enter into a Deed of Company Arrangement (DOCA).

A DOCA is a proposal under which, amongst other things, creditors may agree that their debt claims are satisfied by a compromised payment rather than payment in full. Under such proposal, creditors will receive a better return overall than if the company was placed into liquidation. If a DOCA proposal is accepted by the majority of creditors (both in dollar value and number), then the agreed claims will be paid in accordance with the DOCA, with limited or no debts outstanding following that process.

We anticipate strong interest in Tribe. We understand the existing director and investors intend to propose a DOCA that will allow Tribe to restructure with a path to a more sustainable financial footing.

At the second meeting of creditors, all eligible creditors of the Companies will vote to determine the future of the Companies. The threshold to pass the relevant resolution is over 50% in both number and value attending the meeting (either in person or by proxy).

The second meeting of creditors usually takes place within 25 days from the date of the Administrators' appointment, however the date of the meeting is able to be extended by the Administrators with the approval of the court.

7. What does this mean for the Companies' employees?

The Companies' employees will remain employees of the business and are expected to continue to perform their duties on a business-as-usual basis unless otherwise notified by the Administrator.

The Administrators have not yet made any final decisions in respect of the impact or effect of the administration and proposed major changes on employees. As part of any proposed restructure, it may be necessary to reduce the size of the workforce. Employees impacted by any proposed major changes will be consulted in accordance with the relevant provisions of the enterprise bargaining agreements, modern awards and the Fair Work Act.

8. Will employees be paid their entitlements?

During the period of the administration, there is no change to any conditions of employment, and from the date of the Administrators' appointment, all entitlements, including superannuation, accrued during the administration will be paid by the Administrators on a business-as-usual basis.

Should it be identified, as part of any restructure, that it may be necessary to reduce the size of the workforce, impacted employees will be able to lodge a claim for their entitlements (if applicable).

The timing of the payment of outstanding employee entitlements is dependent on the outcome of the administration. While we will be running a sale process for the business as a going concern, we are presently unable to provide certainty on the likely outcome. Accordingly, we are unable to determine the extent of the Companies' assets that will be available to meet employee entitlements.

Employees are entitled to take leave in the ordinary course through the normal approval process.

To the extent there is a shortfall in assets to meet employee entitlements, employees are entitled to make a claim with the Federal Government's Fair Entitlement Guarantee (FEG) Scheme, so long as the employing company is in liquidation (for further detail, please see Question 18 below).

9. Will Tribe provide support services?

Please contact your Employee Assistance Program provider:

EAP Assist
Phone: 0407 086 000
Email: support@eapassist.com.au

10. How long will the administration process take to complete?

The voluntary administration process has been designed to enable restructuring of businesses to be undertaken quickly.

The length of the administration process from appointment to completion is likely to be one to two months, however, this may be extended should the Administrators consider that a longer period of administration is required.

11. If I have further questions or want more information, who do I contact?

Should employees have any queries in relation to the Administration process, they should contact FTI Consulting at TribeEmployees@fticonsulting.com, quoting their First and Last name in the subject line.

12. Will I be paid the same wage as before?

Yes. While the Administrators do not personally adopt your employment contract, the Administrators will pay wages in accordance with your current contract, award, Enterprise Agreement or other industrial instrument, if applicable.

13. Can I claim an employee reimbursement?

If you need to incur an expense in the ordinary course of business, please seek approval in the normal way prior to the expense being incurred.

14. Will I continue to accrue leave?

Yes, during the administration process you will continue to accrue annual, long service and sick leave and other entitlements.

15. Will I receive a redundancy payment if I resign?

No, you are not entitled to any redundancy payment if you resign.

Please note that if employees resign and do not work out their notice period or are otherwise effectively taken to have resigned by not attending work without reason, they will not be entitled to payment of any remaining notice period.

16. How certain is my continued employment?

It is the intention of the Administrators to operate on a business as usual basis in relation to operations, including the employment of staff while the Administrators conduct an urgent review of operations.

Employees will be provided with updates in relation to this process by the Administrators.

17. What happens if I become owed an amount for employment entitlements?

You will have a claim for entitlements that accrued before the Administrators' appointment. This includes your pre-administration leave accruals (including long service leave and annual leave), unpaid wages, pay in lieu of notice, redundancy and unpaid superannuation. We note, pay in lieu of notice and redundancy only becomes an entitlement should you be made redundant.

How you claim or get access to your pre-administration entitlements will depend on the ultimate outcome of the administration. As detailed above, any outstanding pre-appointment employee entitlements that are unable to be paid during the course of the administration, will be a claim in the administration. These pre-appointment entitlements are dependent on the outcome of the administration, which is currently unknown. We will continue to keep employees appraised in this regard.

18. What is the Fair Entitlements Guarantee Scheme (FEG)?

The Administrators will undertake a sale process for the business as a going concern. It is the view of the Administrators that this process will generate interest in the business from potential purchasers, however, we are presently unable to provide certainty on the likely outcome.

In the event that a company goes into liquidation and your role is no longer required, there is a Government scheme available called FEG that assists employees where their employer is insolvent and who are owed certain employee entitlements.

FEG covers up to 13 weeks unpaid wages, annual leave, long service leave, up to five weeks payment in lieu of notice and up to 4 weeks redundancy pay for each year completed plus a pro-rata for each part year, subject to certain income limits. Please note, FEG is only applicable in the event of liquidation. More information on FEG will be provided in the event that a company enters liquidation.

Please note only Australian citizens and Permanent Residents are eligible for FEG assistance.

Further information about FEG can be found at www.jobs.gov.au/fair-entitlements-guarantee-feg.

FTI CONSULTING

Voluntary administration: A guide for employees

This information sheet (INFO 75) provides information for employees of companies in voluntary administration. It covers:

If you are an employee, you should also read Information Sheet 74 *Voluntary administration: A guide for creditors* (INFO 74).

Who is an employee?

You are an employee if you are:

- engaged by a company under an award, enterprise agreement, agreement-based transitional instruments (i.e. agreements that were in force before the commencement of the *Fair Work Act 2009*) or a contract of employment
- paid a salary, wages or commission.

If you are an employee owed money for unpaid wages, superannuation, annual leave, sick leave, long service leave, retrenchment pay or other benefits, you are a creditor of the company. You may be entitled to some or all of what you are owed before other company creditors (this is known as 'priority').

If you are a **contractor**, you may be classified as an unsecured creditor, not an employee. You should seek your own legal advice or contact the Australian Taxation Office (ATO), the Fair Work Ombudsman or your union representative to determine if you are a contractor or an employee.

The purpose of voluntary administration

Voluntary administration is designed to resolve a company's future. An independent registered liquidator (the voluntary administrator) takes full control of the company. This allows the director or a third party – usually in consultation with the voluntary administrator – time to find a way to save the company or its business, if possible.

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

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

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

A secured creditor is someone who holds a security interest, such as a mortgage, in some or all the company assets to secure a debt owed by the company. Lenders usually require a security interest in company assets when they provide a loan.

A company in voluntary administration may also be in receivership. For more information, see INFO 54.

The voluntary administrator's role

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

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

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

In doing so, the voluntary administrator tries to:

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

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

Employees are entitled to vote at creditors' meetings. You should lodge details of your claim with the voluntary administrator before the meeting to allow you to vote.

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

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

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

Employee entitlements

If the voluntary administrator continues to trade the business, they must pay ongoing employees for services provided after the date of their appointment out of the assets available to them. These payments are treated as an expense of the voluntary administration.

The appointment of a voluntary administrator does not automatically terminate the employment of the company's employees. However, employee entitlements that arose before voluntary administration are not usually paid during voluntary administration.

How and when these employee entitlements are paid depends on the option passed at the creditors' meeting (i.e. company returned to directors, a DOCA or liquidation).

Company returned to directors

In very rare circumstances, creditors will resolve to return the company to the control of its directors.

If the company is returned to the directors, the directors will be responsible for ensuring that the company pays outstanding entitlements as they fall due.

Deed of company arrangement

If creditors approve a DOCA, the order (priority) in which outstanding employee entitlements are paid depends on the terms of the DOCA. Sometimes the DOCA proposal is for these entitlements to be paid in the same order as in a liquidation. Other times, a different order is proposed.

A DOCA must ensure that employees' entitlements have the same order as in a liquidation, as provided by law, unless the eligible employees agree by a majority in both number and value to vary this order.

This means that, in a DOCA, unless a variation to the order of payment is agreed, employees have the right – if there are funds left over after payment of the fees and expenses of the voluntary administrator and deed administrator – to have their outstanding entitlements paid before other unsecured creditors are paid.

Priority employee entitlements are grouped into categories (or classes) and paid in the following order:

- outstanding wages and superannuation
- outstanding leave of absence (such as annual leave and long service leave)
- retrenchment pay.

Each class must be paid in full before the next class is paid. If there are insufficient funds to pay a class in full, the available funds are paid on a pro-rata basis (and the next class or classes will be paid nothing). For more information, see Information Sheet 46 *Liquidation: A guide for employees* (INFO 46).

Where a DOCA proposal seeks to vary order for employee entitlements

If a DOCA proposal seeks to vary the payment order for employee entitlements, the voluntary administrator must call a meeting of eligible employees giving at least five business days' notice of the meeting. At the same time, the voluntary administrator must give eligible employees a statement setting out:

- their opinion about whether the proposed variation would result in the same or better outcome for employees than if the company went into liquidation
- their reasons for this opinion
- any other information to help employees make an informed decision about varying the order.

Before you decide on how to vote at the meeting of eligible employee creditors (or the creditors' meeting where the decision is made), make sure you understand how the DOCA will affect the order of payment of your outstanding entitlements.

The Fair Entitlements Guarantee (FEG)

Employees owed certain entitlements after losing their job because their employer went into liquidation may be able to get financial help from the Australian Government.

This help is available through the FEG.

However, if you are employed by a company in voluntary administration or subject to a DOCA, you are not eligible for the FEG until and unless the company enters into liquidation.

The FEG is a scheme of last resort assisting employees who have lost their job because their employer entered liquidation. For more information, see the FEG website.

You may wish to seek independent legal advice on whether the terms of a proposed DOCA will affect your claim under the FEG if the company subsequently goes into liquidation.

If the DOCA provides for your ongoing employment, you may also wish to seek advice on how this affects payment of your outstanding entitlements.

The FEG does not cover unpaid superannuation contributions. For information about outstanding superannuation entitlements, contact the Australian Taxation Office (ATO).

Liquidation

If creditors resolve that the company be wound up, the priority order given to outstanding employee entitlements in a liquidation will apply.

If there are funds left over after payment of the fees and expenses of the administrator and liquidator, employees have the right to be paid their outstanding entitlements before other unsecured creditors are paid.

The grouping of outstanding employee entitlements and order of payment in a liquidation is the same for a DOCA. For more information, see INFO 46.

You may also be entitled to make a claim under the FEG when the company enters into liquidation.

Establishing your claim under a deed of company arrangement

The DOCA's terms will outline how claims are dealt with under the DOCA. Sometimes the DOCA incorporates the Corporations Act provisions for dealing with claims in a liquidation.

Regardless of the DOCA's terms, if the deed administrator must pay outstanding priority employee entitlements, they may advise you beforehand how much they believe you are owed. You should promptly contact the deed administrator if you disagree with their calculation.

You may be required to complete an employee entitlement claim form (sometimes called a 'proof of debt'). Contact the deed administrator's office to agree and settle the amount and ask questions about the timing of the payment

You may need to provide evidence to justify your claim. It is important that you keep your pay or other records about the terms of your employment.

You may also need these records to complete your income tax return and establish any entitlement to the FEG if the company proceeds to liquidation.

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

If the deed administrator rejects your claim after you have taken these steps, you may wish to seek your own legal advice. Depending on the terms of the DOCA, you may have a limited time to take legal action to challenge the decision.

See INFO 46 to find out how to prove your claim in a liquidation.

Payment summaries and separation certificates

Most employees require a PAYG payment summary (group certificate) to complete and lodge their income tax return. A separation certificate may also be required before an employee who loses their job can apply for social security.

If a voluntary administrator or deed administrator pays you any employee entitlements, they must provide you with a PAYG payment summary recording the entitlements paid and any income tax deducted. Contact the voluntary administrator or deed administrator to find out if they are going to prepare your PAYG payment summary for entitlements paid by the company prior to their appointment, and, if so, what period it will cover.

If you cannot obtain a PAYG payment summary for any period, contact the ATO to find out how to meet your obligations.

A voluntary administrator and deed administrator must prepare a separation certificate for any employee whose employment is terminated during the voluntary administration or DOCA. They are not obliged to prepare one for terminations of employment that occurred prior to voluntary administration.

Contact Centrelink to find out what you should do if you cannot obtain a separation certificate.

Committee of inspection

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

- monitors the conduct of the voluntary administrator
- may approve certain steps in the administration
- may give directions to the voluntary administrator.

The voluntary administrator must consider but is not always required to follow the directions. For more information, see INFO 74.

All creditors, including a representative of the company's employees, are entitled to stand for committee membership to represent the interests of all creditors. Employees and large creditors can appoint their own member.

Right to request information

As a creditor, you can ask the administrator to give you information, provide a report or produce a document relevant to the administration

If the request is reasonable, the administrator must provide this information, report or document. Complying with the request will not cause the administrator to breach their duties.

Questions and complaints

Contact the voluntary administrator/deed administrator to raise any question or complaints. If this fails to resolve your concerns, including any concerns about the administrator's conduct, you can lodge a report of misconduct with ASIC. Reports of misconduct against companies and their officers can also be made to ASIC.

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

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

More information

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

Important notice

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

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

This is **Information Sheet 75 (INFO 75)**, reissued in August 2020.

Last updated: 11/08/2020 11:29